# Journal of the House

*State of Indiana*

*113th General Assembly* *Second Regular Session*

**Twenty-second Meeting Day** **Thursday Morning** **February 19, 2004**


The House convened at 10:30 a.m. with the Speaker in the Chair.

The invocation was offered by Pastor David Shadday, St. Paul's Lutheran Church, Indianapolis, the guest of Representative Michael B. Murphy.

The Pledge of Allegiance to the Flag was led by Representative Murphy.

The Speaker ordered the roll of the House to be called:

| | |
|---|---|
| T. Adams | Kromkowski **...** |
| Aguilera | Kruse |
| Alderman | Kuzman |
| Austin | LaPlante |
| Avery | L. Lawson |
| Ayres | Lehe |
| Bardon | Leonard |
| Becker | Liggett |
| Behning | J. Lutz |
| Bischoff | Lytle |
| Borror | Mahern |
| Bosma | Mangus |
| Bottorff | Mays |
| C. Brown | McClain |
| T. Brown | Messer |
| Buck | Moses |
| Budak | Murphy |
| Buell | Neese |
| Burton | Noe |
| Cheney | Orentlicher |
| Cherry | Oxley |
| Chowning | Pelath |
| Cochran | Pflum **...** |
| Crawford | Pierce |
| Crooks | Pond |
| Day | Porter |
| Denbo | Reske |
| Dickinson | Richardson |
| Dobis | Ripley |
| Duncan | Robertson |
| Dvorak | Ruppel |
| Espich | Saunders |
| Foley | Scholer |
| Frenz | V. Smith |
| Friend | Stevenson |
| Frizzell | Stilwell |
| Fry | Stutzman |
| GiaQuinta | Summers |
| Goodin | Thomas |
| Grubb | Thompson |
| Gutwein | Torr |
| Harris | Turner |
| Hasler | Ulmer |
| Heim | Van Haaften |
| Herrell | Welch |
| Hinkle | Whetstone |
| Hoffman | Wolkins |
| Kersey | D. Young |
| Klinker | Yount |
| Koch | Mr. Speaker |

Roll Call 206: 98 present; 2 excused. The Speaker announced a quorum in attendance. [*NOTE*: **...** *indicates those who were excused*.]

MESSAGE FROM THE SENATE

Mr. Speaker: I am directed by the Senate to inform the House that the Senate has passed House Concurrent Resolutions 29 and 30 and the same are herewith returned to the House.

MARY C. MENDEL
Principal Secretary of the Senate

MESSAGE FROM THE SENATE

Mr. Speaker: I am directed by the Senate to inform the House that the Senate has passed Senate Concurrent Resolution 8 and the same is herewith transmitted to the House for further action.

MARY C. MENDEL
Principal Secretary of the Senate

MESSAGE FROM THE SENATE

Mr. Speaker: I am directed by the Senate to inform the House that the Senate has passed Senate Concurrent Resolutions 27 and 31 and the same are herewith transmitted to the House for further action.

MARY C. MENDEL
Principal Secretary of the Senate

HOUSE MOTION

Mr. Speaker: I move that when we do adjourn, we adjourn until Monday, February 23, 2004 at 1:30 p.m.

MOSES

Motion prevailed.

## REPORTS FROM COMMITTEES

COMMITTEE REPORT

Mr. Speaker: Your Committee on Courts and Criminal Code, to which was referred Engrossed Senate Bill 17, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 13, nays 0.

DVORAK, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Judiciary, to which was referred Engrossed Senate Bill 23, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 4, delete "or".

Page 1, line 5, delete "transferor." and insert "**transferor; or (3) stepchild of the transferor.**".

Page 1, line 13, strike "he" and insert "**the child**".

Page 1, line 13, strike "his" and insert "**the child's**".

Page 1, after line 17, begin a new paragraph and insert:

"**(e) As used in this section, "stepchild" means a child of the transferor's surviving, deceased, or former spouse who is not a child of the transferor.**".

(Reference is to SB 23 as printed January 21, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 12, nays 0.

L. LAWSON, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred Engrossed Senate Bill 100, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert:

SECTION 1. IC 4-4-32 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:

**Chapter 32. Native American Indian Affairs Commission**

**Sec. 1. As used in this chapter, "commission" refers to the Native American Indian affairs commission established by section 4 of this chapter.**

**Sec. 2. As used in this chapter, "department" refers to the department of workforce development.**

**Sec. 3. As used in this chapter, "Native American Indian" means an individual who is at least one (1) of the following:**

**(1) An Alaska native as defined in 43 U.S.C. 1602(b).**

**(2) An Indian as defined in 25 U.S.C. 450b(d).**

**(3) A native Hawaiian as defined in 20 U.S.C. 7912(1).**

**Sec. 4. The Native American Indian affairs commission is established.**

**Sec. 5. (a) The commission consists of fifteen (15) voting members and two (2) nonvoting members. The voting members of the commission consist of the following:**

**(1) Six (6) Native American Indians, each from a different geographic region of Indiana.**

**(2) Two (2) Native American Indians who have knowledge in Native American traditions and spiritual issues.**

**(3) The commissioner of the department of correction or the commissioner's designee.**

**(4) The commissioner of the commission for higher education or the commissioner's designee.**

**(5) The commissioner of the state department of health or the commissioner's designee.**

**(6) The secretary of the office of family and social services or the secretary's designee.**

**(7) The director of the department of natural resources or the director's designee.**

**(8) The state superintendent of public instruction or the superintendent's designee.**

**(9) The commissioner of the department of workforce development or the commissioner's designee.**

**(b) The nonvoting members of the commission consist of the following:**

**(1) One (1) member of the house of representatives appointed by the speaker of the house of representatives.**

**(2) One (1) member of the senate appointed by the president pro tempore of the senate.**

**(c) The governor shall appoint each Native American Indian member of the commission to a term of four (4) years, and any vacancy occurring shall be filled by the governor for the unexpired term. Before appointing a Native American Indian member to the commission, the governor shall solicit nominees from Indiana associations that represent Native American Indians in the geographic region from which the member will be selected. Not more than one (1) member may represent the same tribe or Native American Indian organization or association.**

**(d) A member of the commission may be removed by the member's appointing authority.**

**Sec. 6. The affirmative votes of at least eight (8) voting members of the commission are required for the commission to take any official action, including public policy recommendations and reports.**

**Sec. 7. (a) The department shall provide staff and administrative support for the commission.**

**(b) Expenses incurred under this chapter shall be paid from funds appropriated to the department.**

**(c) The governor shall appoint a voting member of the commission to serve as the commission's chairperson.**

**Sec. 8. The commission shall study problems common to Native American Indian residents of Indiana in the areas of employment, education, civil rights, health, and housing. The commission may make recommendations to appropriate federal, state, and local governmental agencies concerning the following:**

**(1) Health issues affecting Native American Indian communities, including data collection, equal access to public assistance programs, and informing health officials of cultural traditions relevant to health care.**

**(2) Cooperation and understanding between the Native American Indian communities and other communities throughout Indiana.**

**(3) Cultural barriers to the educational system, including barriers to higher education and opportunities for financial aid and minority scholarships.**

**(4) Inaccurate information and stereotypes concerning Native American Indians, including the accuracy of educational curriculum.**

**(5) Measures to stimulate job skill training and related workforce development, including initiatives to assist employers to overcome communication and cultural differences.**

**(6) Programs to encourage the growth and support of Native American Indian owned businesses.**

**(7) Public awareness of issues affecting the Native American Indian communities.**

**(8) Issues concerning preservation and excavation of Native American Indian historical and archeology sites, including reburial of Native American Indians.**

**(9) Measures that could facilitate easier access to state and local government services by Native American Indians.**

**Sec. 9. The commission may not study or make recommendations on the following issues:**

**(1) Negotiations between a tribe and the state or federal government concerning tribal sovereignty.**

**(2) Gaming on tribal land.**

SECTION 2. IC 14-21-1-25.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 25.5. (a) If a Native American Indian burial ground is discovered, the department shall immediately provide notice to the Native American Indian affairs commission established by IC 4-4-32.**

**(b) If Native American Indian human remains are removed from a burial ground, the department shall provide the following to the Native American Indian affairs commission:**

**(1) Any written findings or reports that result from the analysis and study of the human remains.**

**(2) Written notice to the Native American Indian affairs commission that the analysis and study of the human remains are complete.**

**(c) After receiving written notice under subsection (b)(2), the Native American Indian affairs commission shall make recommendations to the department regarding the final disposition of the Native American Indian human remains.**

SECTION 3. [EFFECTIVE JUNE 1, 2004] **(a) As used in this SECTION, "commission" refers to the Native American Indian affairs commission established by IC 4-4-32-4, as added by this act.**

**(b) The governor shall make the initial appointments to the commission not later than July 1, 2004. In making an initial appointment, the governor shall indicate the length of the term for which the individual is appointed.**

**(c) Notwithstanding IC 4-4-32-5(c), as added by this act, the initial terms of office for the eight (8) individuals appointed to the commission by the governor are as follows:**

**(1) Two (2) members appointed under IC 4-4-32-5(a)(1), as added by this act, for a term of one (1) year.**

**(2) One (1) member appointed under IC 4-4-32-5(a)(1), as added by this act, and one (1) member appointed under IC 4-4-32-5(a)(2), as added by this act, for a term of two (2) years.**

**(3) Two (2) members appointed under IC 4-4-32-5(a)(1), as added by this act, for a term of three (3) years.**

**(4) One (1) member appointed under IC 4-4-32-5(a)(1), as added by this act, for a term of four (4) years.**

**(5) One (1) member appointed under IC 4-4-32-5(a)(2), as added by this act, for a term of four (4) years.**

**(d) The initial terms begin July 1, 2004.**

**(e) This SECTION expires July 1, 2008.**

SECTION 4. **An emergency is declared for this act.**

(Reference is to SB 100 as reprinted January 28, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 9, nays 0.

PELATH, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Elections and Apportionment, to which was referred Engrossed Senate Bill 132, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 6, nays 5.

MAHERN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred Engrossed Senate Bill 161, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning health.

Page 1, line 8, after "interest" insert ", **in accordance with this section,**".

Page 1, line 15, after "interest" insert ", **in accordance with this section,**".

Page 2, line 18, after "interest" insert ", **in accordance with this section,**".

Page 2, between lines 31 and 32, begin a new paragraph and insert:

"**(f) Interest is due under this section only when the overpayment is the result of the provider violating a federal or state statute, rule, or published Medicaid policy.**

**(g) The office of the secretary may reduce the amount of interest under this section in any of the following circumstances:**

**(1) There was a significant delay in:**

**(A) the timely identification of the overpayment by the office; or**

**(B) the timely response to an appeal filed under IC 12-15-13-3(b); and**

**the provider and the office mutually agree on the reduced interest amount.**

**(2) Other compelling circumstances as determined on a case by case basis by the office.**".

Page 2, line 32, delete "(f)" and insert "**(h)**".

Page 2, after line 32, begin a new paragraph and insert:

"SECTION 2. IC 12-15-21-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. The rules adopted under section 2 of this chapter must include the following:

(1) Providing for prior review and approval of medical services.

(2) Specifying the method of determining the amount of reimbursement for services.

(3) Establishing limitations that are consistent with medical necessity concerning the amount, scope, and duration of the services and supplies to be provided. The rules may contain limitations on services that are more restrictive than allowed under a provider's scope of practice (as defined in Indiana law).

(4) Denying payment or instructing the contractor under IC 12-15-30 to deny payment to a provider for services provided to an individual or claimed to be provided to an individual if the office after investigation finds any of the following:

(A) The services claimed cannot be documented by the provider.

(B) The claims were made for services or materials determined by licensed medical staff of the office as not medically reasonable and necessary.

(C) The amount claimed for the services has been or can be paid from other sources.

(D) The services claimed were provided to a person other than the person in whose name the claim is made.

(E) The services claimed were provided to a person who was not eligible for Medicaid.

(F) The claim rises out of an act or practice prohibited by law or by rules of the secretary.

(5) Recovering payment or instructing the contractor under IC 12-15-30-3 to recover payment from a provider for services rendered to an individual or claimed to be rendered to an individual if the office after investigation finds any of the following:

(A) The services paid for cannot be documented by the provider.

(B) The amount paid for such services has been or can be paid from other sources.

(C) The services were provided to a person other than the person in whose name the claim was made and paid.

(D) The services paid for were provided to a person who was not eligible for Medicaid.

(E) The paid claim rises out of an act or practice prohibited by law or by rules of the secretary.

(6) Recovering interest **as provided for in IC 12-15-13-3:**

(A) at a rate that is the percentage rounded to the nearest whole number that equals the average investment yield on state money for the state's previous fiscal year, excluding pension fund investments, as published in the auditor of state's comprehensive annual financial report; and

(B) accruing from the date of overpayment;

on amounts paid to a provider that are in excess of the amount subsequently determined to be due the provider as a result of an audit, a reimbursement cost settlement, or a judicial or an administrative proceeding.

(7) Paying interest to providers:

(A) at a rate that is the percentage rounded to the nearest whole number that equals the average investment yield on state money for the state's previous fiscal year, excluding pension fund investments, as published in the auditor of state's comprehensive annual financial report; and

(B) accruing from the date that an overpayment is erroneously recovered by the office until the office restores the overpayment to the provider.

(8) Establishing a system with the following conditions:

(A) Audits may be conducted by the office after service has been provided and before reimbursement for the service has been made.

(B) Reimbursement for services may be denied if an audit conducted under clause (A) concludes that reimbursement should be denied.

(C) Audits may be conducted by the office after service has been provided and after reimbursement has been made.

(D) Reimbursement for services may be recovered if an audit conducted under clause (C) concludes that the money reimbursed should be recovered.

SECTION 3. IC 12-15-23-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. An agreement under section 2 of this chapter:

(1) **except as provided in IC 12-15-13-3,** must include a provision for the collection of interest on the amount of the overpayment; and

(2) may include any other provisions agreed to by the administrator and the provider.

SECTION 4. IC 12-26-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) This section does not apply to the commitment of an individual if the individual has previously been committed under IC 12-26-6.

(b) A proceeding for the commitment of an individual who appears to be suffering from a chronic mental illness may be begun by filing with a court having jurisdiction a written petition by any of the following:

(1) A health officer.

(2) A police officer.
(3) A friend of the individual.
(4) A relative of the individual.
(5) The spouse of the individual.
(6) A guardian of the individual.
(7) The superintendent of a facility where the individual is present.
(8) A prosecuting attorney in accordance with IC 35-36-2-4.
(9) A prosecuting attorney or the attorney for a county office if civil commitment proceedings are initiated under IC 31-34-19-3 or IC 31-37-18-3.
**(10) A third party that contracts with the division of mental health and addiction to provide competency restoration services to a defendant under IC 35-36-3-3 or IC 35-36-3-4.**

SECTION 5. IC 27-4-1-4, AS AMENDED BY P.L.178-2003, SECTION 35, AS AMENDED BY P.L.201-2003, SECTION 2, AND AS AMENDED BY P.L.211-2003, SECTION 1, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. The following are hereby defined as unfair methods of competition and unfair and deceptive acts and practices in the business of insurance:

(1) Making, issuing, circulating, or causing to be made, issued, or circulated, any estimate, illustration, circular, or statement:
(A) misrepresenting the terms of any policy issued or to be issued or the benefits or advantages promised thereby or the dividends or share of the surplus to be received thereon;
(B) making any false or misleading statement as to the dividends or share of surplus previously paid on similar policies;
(C) making any misleading representation or any misrepresentation as to the financial condition of any insurer, or as to the legal reserve system upon which any life insurer operates;
(D) using any name or title of any policy or class of policies misrepresenting the true nature thereof; or
(E) making any misrepresentation to any policyholder insured in any company for the purpose of inducing or tending to induce such policyholder to lapse, forfeit, or surrender ~~*his*~~ *the policyholder's* insurance.

(2) Making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over any radio or television station, or in any other way, an advertisement, announcement, or statement containing any assertion, representation, or statement with respect to any person in the conduct of ~~*his*~~ *the person's* insurance business, which is untrue, deceptive, or misleading.

(3) Making, publishing, disseminating, or circulating, directly or indirectly, or aiding, abetting, or encouraging the making, publishing, disseminating, or circulating of any oral or written statement or any pamphlet, circular, article, or literature which is false, or maliciously critical of or derogatory to the financial condition of an insurer, and which is calculated to injure any person engaged in the business of insurance.

(4) Entering into any agreement to commit, or individually or by a concerted action committing any act of boycott, coercion, or intimidation resulting or tending to result in unreasonable restraint of, or a monopoly in, the business of insurance.

(5) Filing with any supervisory or other public official, or making, publishing, disseminating, circulating, or delivering to any person, or placing before the public, or causing directly or indirectly, to be made, published, disseminated, circulated, delivered to any person, or placed before the public, any false statement of financial condition of an insurer with intent to deceive. Making any false entry in any book, report, or statement of any insurer with intent to deceive any agent or examiner lawfully appointed to examine into its condition or into any of its affairs, or any public official to which such insurer is required by law to report, or which has authority by law to examine into its condition or into any of its affairs, or, with like intent, willfully omitting to make a true entry of any material fact pertaining to the business of such insurer in any book, report, or statement of such insurer.

(6) Issuing or delivering or permitting agents, officers, or employees to issue or deliver, agency company stock or other capital stock, or benefit certificates or shares in any common law corporation, or securities or any special or advisory board contracts or other contracts of any kind promising returns and profits as an inducement to insurance.

(7) Making or permitting any of the following:
(A) Unfair discrimination between individuals of the same class and equal expectation of life in the rates or assessments charged for any contract of life insurance or of life annuity or in the dividends or other benefits payable thereon, or in any other of the terms and conditions of such contract; however, in determining the class, consideration may be given to the nature of the risk, plan of insurance, the actual or expected expense of conducting the business, or any other relevant factor.
(B) Unfair discrimination between individuals of the same class involving essentially the same hazards in the amount of premium, policy fees, assessments, or rates charged or made for any policy or contract of accident or health insurance or in the benefits payable thereunder, or in any of the terms or conditions of such contract, or in any other manner whatever; however, in determining the class, consideration may be given to the nature of the risk, the plan of insurance, the actual or expected expense of conducting the business, or any other relevant factor.
(C) Excessive or inadequate charges for premiums, policy fees, assessments, or rates, or making or permitting any unfair discrimination between persons of the same class involving essentially the same hazards, in the amount of premiums, policy fees, assessments, or rates charged or made for:
(i) policies or contracts of reinsurance or joint reinsurance, or abstract and title insurance;
(ii) policies or contracts of insurance against loss or damage to aircraft, or against liability arising out of the ownership, maintenance, or use of any aircraft, or of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity, or other risks commonly insured under marine, as distinguished from inland marine, insurance; or
(iii) policies or contracts of any other kind or kinds of insurance whatsoever.

However, nothing contained in clause (C) shall be construed to apply to any of the kinds of insurance referred to in clauses (A) and (B) nor to reinsurance in relation to such kinds of insurance. Nothing in clause (A), (B), or (C) shall be construed as making or permitting any excessive, inadequate, or unfairly discriminatory charge or rate or any charge or rate determined by the department or commissioner to meet the requirements of any other insurance rate regulatory law of this state.

(8) Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract or policy of insurance of any kind or kinds whatsoever, including but not in limitation, life annuities, or agreement as to such contract or policy other than as plainly expressed in such contract or policy issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends, savings, or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract or policy; or giving, or selling, or purchasing or offering to give, sell, or purchase as inducement to such insurance or annuity or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, limited liability company, or partnership, or any dividends, savings, or profits accrued thereon, or anything of value whatsoever not specified in the contract. Nothing in this subdivision and subdivision (7) shall be construed as including within the definition of discrimination or rebates any of the

following practices:

(A) Paying bonuses to policyholders or otherwise abating their premiums in whole or in part out of surplus accumulated from nonparticipating insurance, so long as any such bonuses or abatement of premiums are fair and equitable to policyholders and for the best interests of the company and its policyholders.

(B) In the case of life insurance policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount which fairly represents the saving in collection expense.

(C) Readjustment of the rate of premium for a group insurance policy based on the loss or expense experience thereunder, at the end of the first year or of any subsequent year of insurance thereunder, which may be made retroactive only for such policy year.

(D) Paying by an insurer or ~~*agent*~~ *insurance producer* thereof duly licensed as such under the laws of ~~this state~~ **Indiana** of money, commission, or brokerage, or giving or allowing by an insurer or such licensed ~~*agent*~~ *insurance producer* thereof anything of value, for or on account of the solicitation or negotiation of policies or other contracts of any kind or kinds, to a broker, ~~*agent,*~~ **an** *insurance producer,* or **a** solicitor duly licensed under the laws of this state, but such broker, ~~*agent,*~~ *insurance producer,* or solicitor receiving such consideration shall not pay, give, or allow credit for such consideration as received in whole or in part, directly or indirectly, to the insured by way of rebate.

(9) Requiring, as a condition precedent to loaning money upon the security of a mortgage upon real property, that the owner of the property to whom the money is to be loaned negotiate any policy of insurance covering such real property through a particular insurance ~~*agent*~~ *producer* or broker or brokers. However, this subdivision shall not prevent the exercise by any lender of ~~*its or his*~~ *the lender's* right to approve or disapprove of the insurance company selected by the borrower to underwrite the insurance.

(10) Entering into any contract, combination in the form of a trust or otherwise, or conspiracy in restraint of commerce in the business of insurance.

(11) Monopolizing or attempting to monopolize or combining or conspiring with any other person or persons to monopolize any part of commerce in the business of insurance. However, participation as a member, director, or officer in the activities of any nonprofit organization of ~~*agents*~~ *insurance producers* or other workers in the insurance business shall not be interpreted, in itself, to constitute a combination in restraint of trade or as combining to create a monopoly as provided in this subdivision and subdivision (10). The enumeration in this chapter of specific unfair methods of competition and unfair or deceptive acts and practices in the business of insurance is not exclusive or restrictive or intended to limit the powers of the commissioner or department or of any court of review under section 8 of this chapter.

(12) Requiring as a condition precedent to the sale of real or personal property under any contract of sale, conditional sales contract, or other similar instrument or upon the security of a chattel mortgage, that the buyer of such property negotiate any policy of insurance covering such property through a particular insurance company, ~~*agent,*~~ *insurance producer,* or broker or brokers. However, this subdivision shall not prevent the exercise by any seller of such property or the one making a loan thereon of ~~*his, her, or its*~~ *the* right to approve or disapprove of the insurance company selected by the buyer to underwrite the insurance.

(13) Issuing, offering, or participating in a plan to issue or offer, any policy or certificate of insurance of any kind or character as an inducement to the purchase of any property, real, personal, or mixed, or services of any kind, where a charge to the insured is not made for and on account of such policy or certificate of insurance. However, this subdivision shall not apply to any of the following:

(A) Insurance issued to credit unions or members of credit unions in connection with the purchase of shares in such credit unions.

(B) Insurance employed as a means of guaranteeing the performance of goods and designed to benefit the purchasers or users of such goods.

(C) Title insurance.

(D) Insurance written in connection with an indebtedness and intended as a means of repaying such indebtedness in the event of the death or disability of the insured.

(E) Insurance provided by or through motorists service clubs or associations.

(F) Insurance that is provided to the purchaser or holder of an air transportation ticket and that:

(i) insures against death or nonfatal injury that occurs during the flight to which the ticket relates;

(ii) insures against personal injury or property damage that occurs during travel to or from the airport in a common carrier immediately before or after the flight;

(iii) insures against baggage loss during the flight to which the ticket relates; or

(iv) insures against a flight cancellation to which the ticket relates.

(14) Refusing, because of the for-profit status of a hospital or medical facility, to make payments otherwise required to be made under a contract or policy of insurance for charges incurred by an insured in such a for-profit hospital or other for-profit medical facility licensed by the state department of health.

(15) Refusing to insure an individual, refusing to continue to issue insurance to an individual, limiting the amount, extent, or kind of coverage available to an individual, or charging an individual a different rate for the same coverage, solely because of that individual's blindness or partial blindness, except where the refusal, limitation, or rate differential is based on sound actuarial principles or is related to actual or reasonably anticipated experience.

(16) Committing or performing, with such frequency as to indicate a general practice, unfair claim settlement practices (as defined in section 4.5 of this chapter).

(17) Between policy renewal dates, unilaterally canceling an individual's coverage under an individual or group health insurance policy solely because of the individual's medical or physical condition.

(18) Using a policy form or rider that would permit a cancellation of coverage as described in subdivision (17).

(19) Violating IC 27-1-22-25 or IC 27-1-22-26 concerning motor vehicle insurance rates.

(20) Violating IC 27-8-21-2 concerning advertisements referring to interest rate guarantees.

(21) Violating IC 27-8-24.3 concerning insurance and health plan coverage for victims of abuse.

(22) Violating IC 27-8-26 concerning genetic screening or testing.

(23) Violating IC 27-1-15.6-3(b) concerning licensure of insurance producers.

(24) Violating IC 27-1-38 concerning depository institutions.

*(25) Violating IC 27-8-28-17(c) or IC 27-13-10-8(c) concerning the resolution of an appealed grievance decision.*

~~*(25)*~~ **(26)** *Violating IC 27-8-5-2.5(e) through IC 27-8-5-2.5(j) or IC 27-8-5-19.2.*

~~*(25)*~~ **(27)** *Violating IC 27-2-21 concerning use of credit information.*

**(28) Violating IC 27-8-11-7 or IC 27-13-15-4 concerning provider reimbursement.**

SECTION 6. IC 27-8-11-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 7. (a) An agreement between an insurer and a provider under this chapter may not contain a provision that requires the provider to offer to the insurer a reimbursement rate that is equal to or lower than the lowest reimbursement rate that the provider offers to another insurer.**

**(b) A violation of this section by an insurer is an unfair or**

**deceptive act or practice in the business of insurance under IC 27-4-1-4.**

SECTION 7. IC 27-13-15-4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 4. (a) A contract between a health maintenance organization and a participating provider may not contain a provision that requires the participating provider to offer to the health maintenance organization a reimbursement rate that is equal to or lower than the lowest reimbursement rate that the participating provider offers to another health maintenance organization.**

**(b) A violation of this section by a health maintenance organization is an unfair or deceptive act or practice in the business of insurance under IC 27-4-1-4.**

SECTION 8. IC 35-36-3-1, AS AMENDED BY P.L.215-2001, SECTION 109, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. (a) If at any time before the final submission of any criminal case to the court or the jury trying the case, the court has reasonable grounds for believing that the defendant lacks the ability to understand the proceedings and assist in the preparation of ~~his~~ **a** defense, the court shall immediately fix a time for a hearing to determine whether the defendant has that ability. The court shall appoint two (2) or three (3) competent, disinterested:

**(1)** psychiatrists; **or**

**(2)** psychologists endorsed by the Indiana state board of examiners in psychology as health service providers in psychology. ~~or physicians,~~

At least one (1) of ~~whom~~ **the individuals appointed under this subsection** must be a psychiatrist. ~~who~~ **However, none may be an employee or a contractor of a state institution (as defined in IC 12-7-2-184). The individuals who are appointed** shall examine the defendant and testify at the hearing as to whether the defendant can understand the proceedings and assist in the preparation of the defendant's defense.

(b) At the hearing, other evidence relevant to whether the defendant has the ability to understand the proceedings and assist in the preparation of the defendant's defense may be introduced. If the court finds that the defendant has the ability to understand the proceedings and assist in the preparation of the defendant's defense, the trial shall proceed. If the court finds that the defendant lacks this ability, it shall delay or continue the trial and order the defendant committed to the division of mental health and addiction. ~~to be confined by the division in an appropriate psychiatric institution.~~ **The division of mental health and addiction shall provide competency restoration services or enter into a contract for the provision of competency restoration services by a third party in the:**

**(1) location where the defendant currently resides; or**

**(2) least restrictive setting appropriate to the needs of the defendant and the safety of the defendant and others.**

**However, if the defendant is serving an unrelated executed sentence in the department of correction at the time the defendant is committed to the division of mental health and addiction under this section, the division of mental health and addiction shall provide competency restoration services or enter into a contract for the provision of competency restoration services by a third party at a department of correction facility agreed upon by the division of mental health and addiction or the third party contractor and the department of correction.**

SECTION 9. IC 35-36-3-2, AS AMENDED BY P.L.215-2001, SECTION 110, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. **(a)** Whenever the defendant attains the ability to understand the proceedings and assist in the preparation of the defendant's defense: ~~the division of mental health and addiction, through~~

**(1)** the superintendent of the ~~appropriate psychiatric~~ **state** institution **(as defined by IC 12-7-2-184); or**

**(2) the director or medical director of the third party contractor, if the division of mental health and addiction has entered into a contract for the provision of competency restoration services by a third party;**

shall certify that fact to the proper court, which shall enter an order directing the sheriff to return the defendant. The court ~~may~~ **shall** enter such an order immediately after being sufficiently advised of the defendant's attainment of the ability to understand the proceedings and assist in the preparation of the defendant's defense. Upon the return to court of any defendant committed under section 1 of this chapter, the court shall hold the trial as if no delay or postponement had occurred.

SECTION 10. IC 35-36-3-3, AS AMENDED BY P.L.215-2001, SECTION 111, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. **(a)** Within ninety (90) days after:

**(1)** a defendant's ~~admittance to a psychiatric institution, the superintendent of the psychiatric institution~~ **admission to a state institution (as defined in IC 12-7-2-184); or**

**(2) the initiation of competency restoration services to a defendant by a third party contractor;**

**the superintendent of the state institution (as defined in IC 12-7-2-184) or the director or medical director of the third party contractor, if the division of mental health and addiction has entered into a contract for the provision of competency restoration services by a third party,** shall certify to the proper court whether the defendant has a substantial probability of attaining the ability to understand the proceedings and assist in the preparation of the defendant's defense within the foreseeable future.

**(b)** If a substantial probability does not exist, the ~~division of mental health and addiction~~ **state institution (as defined in IC 12-7-2-184) or the third party contractor** shall initiate regular commitment proceedings under IC 12-26. If a substantial probability does exist, the ~~division of mental health and addiction~~ **state institution (as defined in IC 12-7-2-184) or third party contractor** shall retain the defendant:

(1) until the defendant attains the ability to understand the proceedings and assist in the preparation of the defendant's defense and is returned to the proper court for trial; or

(2) for six (6) months from the date of the:

**(A)** defendant's ~~admittance~~ **admission to a state institution (as defined in IC 12-7-2-184); or**

**(B) initiation of competency restoration services by a third party contractor;**

whichever first occurs.

SECTION 11. IC 35-36-3-4, AS AMENDED BY P.L.215-2001, SECTION 112, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. If a defendant who was found under section 3 of this chapter to have had a substantial probability of attaining the ability to understand the proceedings and assist in the preparation of the defendant's defense has not attained that ability within six (6) months after the date of the:

**(1)** defendant's ~~admittance to a psychiatric institution, the division of mental health and addiction~~ **admission to a state institution (as defined in IC 12-7-2-184); or**

**(2) initiation of competency restoration services by a third party contractor;**

**the state institution (as defined in IC 12-7-2-184) or the third party contractor, if the division of mental health and addiction has entered into a contract for the provision of competency restoration services by a third party,** shall institute regular commitment proceedings under IC 12-26.

SECTION 12. [EFFECTIVE JULY 1, 2004] **(a) IC 27-8-11-7, as added by this act, applies to an agreement between an insurer and a provider that is entered into, amended, or renewed after June 30, 2004.**

**(b) IC 27-13-15-4, as added by this act, applies to a contract between a health maintenance organization and a participating provider that is entered into, amended, or renewed after June 30, 2004.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 161 as printed January 16, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 10, nays 2.

C. BROWN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred

Engrossed Senate Bill 231, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 13, nays 0.

PORTER, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred Engrossed Senate Bill 268, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 4, after "IC 20-1-1.4-2;" insert "**and**".

Page 1, delete lines 5 through 6.

Page 1, line 7, delete "(3)" and insert "**(2)**".

Page 1, line 9, delete "and the department".

Page 1, line 10, delete "administrators, including whether it is" and insert "**administrators.**".

Page 1, delete lines 11 through 12.

Page 1, line 14, delete "and the department".

Page 1, line 16, delete "qualifications" and insert "**issues**".

Page 1, line 18, delete "and qualifications".

Page 2, line 4, delete "2005," and insert "**2004,**".

Page 2, line 4, delete "board and the department:" and insert "**board:**".

Page 2, line 11, delete "2005," and insert "**2004,**".

(Reference is to SB 268 as printed January 16, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 10, nays 1.

PORTER, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Technology, Research and Development, to which was referred Engrossed Senate Bill 379, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 13, delete "or".

Page 2, line 17, delete ";" and insert "**;**".

Page 2, line 24, delete "seq.)." and insert "**seq.);**

**(4) the disclosure is reasonably related to the investigation, adjudication, or prosecution of a violation under any state or federal law; or**

**(5) the disclosure of the Social Security number is for the purpose of administration of the health benefits of a state agency employee or of a dependent of a state agency employee.**".

Page 2, line 26, after "the " insert "**state**".

Page 2, line 32, after "chapter, the" insert "**state**".

Page 3, delete lines 2 through 5.

Page 3, line 6, delete "11." and insert "**10.**".

Page 3, line 16, delete "12." and insert "**11.**".

Page 3, line 20, after "the" insert "**state**".

Page 3, line 25, delete "13." and insert "**12.**".

Page 4, line 11, delete "section" and insert "**chapter,**".

Page 4, line 21, after "delay;" insert "**and**".

Page 4, line 34, after "The" insert "**state**".

Page 5, line 5, delete "This section applies if" and insert "**If**".

Page 5, between lines 18 and 19, begin a new paragraph and insert:

"SECTION 3. IC 4-23-16-4.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4.1. (a) The governor shall appoint an executive director of the commission who serves at the governor's pleasure. The commission shall advise the governor in the selection of the executive director. **The executive director is the chief information officer of Indiana.**

(b) Subject to the approval of the commission, the executive director may do the following:

(1) Employ staff necessary to advise and assist the commission as required by this chapter.

(2) Fix compensation of staff according to the policies currently enforced by the budget agency and the state personnel department.

(3) Engage experts and consultants to assist the commission.

(4) Expend funds made available to the staff according to the policies established by the budget agency.

(5) Establish policies, procedures, standards, and criteria necessary to carry out the duties of the staff of the commission.

SECTION 4. IC 4-23-16-13 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 13. (a) As used in this section, "director" refers to the director of information security designated under subsection (c).**

**(b) The commission shall appoint a group to develop a state information security policy. The group appointed under this subsection must include the following:**

**(1) A designee of the commissioner of the Indiana department of administration.**

**(2) A designee of the director of the state personnel department.**

**(3) A designee of the commission on public records.**

**(4) An individual representing the separately elected state officials.**

**(5) An individual representing state agencies.**

**(6) The executive director of the legislative services agency.**

**(7) An individual representing the judicial branch of state government.**

**(8) The director.**

**The commission may appoint individuals to the group to represent other interests that the commission considers necessary for the development of the information security policy.**

**(c) The commission shall designate the executive director of the commission as the director of information security for the state. The director shall do the following:**

**(1) Direct the implementation of the information security policy.**

**(2) Coordinate the information security policy with the information security liaisons.**

**(3) Obtain resources and expertise relating to information security from state educational institutions.**

**(4) Work with private sector telecommunications and technology companies to enhance the information security policy.**

**(5) With the assistance of the state personnel department, develop and implement an education and awareness program to educate state employees about the state information security policy and how to implement the policy.**

**(6) Apply for grants and other financial assistance relating to implementation of the information security policy.**

**(7) Perform other duties relating to information security assigned by the commission.**

**(d) Each state agency, the legislative branch of state government, and the judicial branch of state government shall appoint an employee to be the agency's or branch's information security liaison. The information security liaison is responsible for implementing the information security policy for the state agency or branch of government.**

**(e) The information security policy must provide for the following:**

**(1) Encryption of confidential information maintained by state government.**

**(2) Specifications for software to provide daily audits and reports for each state agency and branch of state government to monitor compliance with the information security policy.**

**(3) Requiring the purchase of information security products on a statewide basis rather than on an agency basis.**

**(4) Recruiting to state employment individuals who have education in information security.**

**(5) Contracting for professional services relating to information security.**

**(6) Sharing information security expertise and resources with political subdivisions.**

**The information security policy must recognize the independence**

**of each of the three (3) branches of state government.**

**(f) Notwithstanding any other law, the information security policy developed under this section applies to the executive, including the administrative, the legislative, and the judicial branches of state government.**

SECTION 5. IC 25-1-5-11 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 11. (a) An individual who applies for a license issued by a board under this chapter or who holds a license issued by a board under this chapter shall provide the individual's Social Security number to the bureau.**

**(b) The bureau and the boards may release the applicant's or licensee's Social Security number as otherwise provided under state or federal law.**

**(c) Notwithstanding IC 4-1-10-2, the bureau and the boards may allow access to the Social Security number of each person who is licensed under this chapter or has applied for a license under this chapter to:**

**(1) a state agency for the purpose of conducting a background investigation;**

**(2) a testing service that provides the bureau or one (1) or more of the boards with the examination for the applicant's or licensee's profession; or**

**(3) an individual state regulatory board or an organization composed of state regulatory boards for the applicant's or licensee's profession for the purpose of coordinating licensure and disciplinary activities between the individual states.**

SECTION 6. IC 25-1-6-10 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 10. (a) An individual who applies for a license issued by a board under this chapter or who holds a license issued by a board under this chapter shall provide the individual's Social Security number to the licensing agency.**

**(b) The licensing agency and the boards shall release the applicant's or licensee's Social Security number as otherwise permitted under state or federal law.**

**(c) Notwithstanding IC 4-1-10-2, the licensing agency and the boards may allow access to the Social Security number of each person who is licensed under this chapter or has applied for a license under this chapter to:**

**(1) a state agency for the purpose of conducting a background investigation;**

**(2) a testing service that provides the licensing agency or one (1) or more of the boards with the examination for the applicant's or licensee's profession; or**

**(3) an individual state regulatory board or an organization composed of state regulatory boards for the applicant's or licensee's profession for the purpose of coordinating licensure and disciplinary activities between the individual states.**".

Page 5, line 24, delete ":".

Page 5, line 26, delete "IC 4-1-10-13," and insert "**IC 4-1-10-12,**".

Renumber all SECTIONS consecutively.

(Reference is to SB 379 as reprinted February 3, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 12, nays 1.

HASLER, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, Corporations and Small Business, to which was referred Engrossed Senate Bill 484, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-3-1-3.5, AS AMENDED BY P.L.1-2004, SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars ($1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars ($1,000).

(4) Subtract one thousand dollars ($1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars ($1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996; and

(B) five hundred dollars ($500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars ($40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars ($2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total

income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(I) including any part of 2004, the amount determined under subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars ($2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(20) In the case of an individual who is employed by a taxpayer that claims a credit under IC 6-3.1-25-9, add the amount of the individual's eligible benefits as provided in IC 6-3.1-25-15(a).**

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars ($2,500).

STEP FIVE: Determine the sum of the STEP THREE amount and two thousand five hundred dollars ($2,500).

SECTION 2. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:

**Chapter 25. Credit for Offering Health Benefit Plans**

**Sec. 1. This chapter applies to an employer that:**

**(1) employs at least ten (10) full-time employees who are located in Indiana; and**

**(2) does not offer coverage for health care services under a self-funded health benefit plan that complies with the federal Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.).**

**Sec. 2. As used in this chapter, "eligible benefits" means, with respect to an employee of a taxpayer that claims a credit under section 9 of this chapter, the total amount of health insurance premiums withheld from the employee's federal adjusted gross income (as defined in Section 62 of the Internal Revenue Code) during a taxable year under the health benefit plan offered by the employer.**

**Sec. 3. As used in this chapter, "eligible taxpayer" means a taxpayer that did not provide health insurance to the taxpayer's employees in the taxable year immediately preceding the taxable year for which the taxpayer claims a credit under this chapter.**

**Sec. 4. As used in this chapter, "full-time employee" means an employee who is normally scheduled to work at least thirty (30) hours each week.**

**Sec. 5. (a) As used in this chapter, "health benefit plan" means coverage for health care services provided under:**

**(1) an insurance policy that provides one (1) or more of the types of insurance described in Class 1(b) or Class 2(a) of IC 27-1-5-1; or**

**(2) a contract with a health maintenance organization for coverage of basic health care services under IC 27-13;**

**that satisfies the requirements of Section 125 of the Internal Revenue Code.**

**(b) The term does not include the following:**

**(1) Accident only, credit, dental, vision, Medicare supplement, long term care, or disability income insurance.**

**(2) Coverage issued as a supplement to liability insurance.**

**(3) Automobile medical payment insurance.**

**(4) A specified disease policy issued as an individual policy.**

**(5) A limited benefit health insurance policy issued as an individual policy.**

**(6) A short term insurance plan that:**

**(A) may not be renewed; and**

**(B) has a duration of not more than six (6) months.**

**(7) A policy that provides a stipulated daily, weekly, or monthly payment to an insured during hospital confinement, without regard to the actual expense of the confinement.**

**(8) Worker's compensation or similar insurance.**

**(9) A student health insurance policy.**

**Sec. 6. As used in this chapter, "pass through entity" means:**

**(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);**

**(2) a partnership;**

**(3) a limited liability company; or**

**(4) a limited liability partnership.**

**Sec. 7. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:**

**(1) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);**

**(2) IC 6-5.5 (financial institutions tax); and**

**(3) IC 27-1-18-2 (insurance premiums tax);**

**as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.**

**Sec. 8. As used in this chapter, "taxpayer" means an individual or entity that:**

**(1) has state tax liability; and**

**(2) employs at least ten (10) full-time employees who are located in Indiana.**

**Sec. 9. (a) An eligible taxpayer that, after December 31, 2004, makes health insurance available to the eligible taxpayer's employees and their dependents through at least one (1) health benefit plan is entitled to a credit against the taxpayer's state tax liability for the first two (2) taxable years in which the taxpayer makes the health benefit plan available if the following requirements are met:**

**(1) An employee's participation in the health benefit plan is at the employee's election.**

**(2) If an employee chooses to participate in the health benefit plan, the employee may pay the employee's share of the cost of the plan using a wage assignment authorized under IC 22-2-6-2.**

**(b) The credit allowed under this chapter equals the lesser of:**

**(1) two thousand five hundred dollars ($2,500); or**

**(2) fifty dollars ($50) multiplied by the number of employees enrolled in the health benefit plan during the taxable year.**

**Sec. 10. (a) An employer may pay or provide reimbursement for all or part of the cost of a health benefit plan made available under section 9 of this chapter.**

**(b) An employer that pays or provides reimbursement under subsection (a) shall pay or provide reimbursement on an equal basis for all full-time employees who elect to participate in the health benefit plan.**

**Sec. 11. (a) If the amount determined under section 9 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.**

**(b) A taxpayer is not entitled to a refund of any unused credit.**

**Sec. 12. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:**

**(1) the tax credit determined for the pass through entity for the taxable year; multiplied by**

**(2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.**

**Sec. 13. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer must submit to the department all information that the department determines is necessary to calculate the credit provided by this chapter and to determine the taxpayer's eligibility for the credit.**

**Sec. 14. (a) A taxpayer claiming a credit under this chapter shall continue to make health insurance available to the taxpayer's employees through a health benefit plan for at least twenty-four (24) consecutive months beginning on the day after the last day of the taxable year in which the taxpayer first offers the health benefit plan.**

**(b) If the taxpayer terminates the health benefit plan before the expiration of the period required under subsection (a), the taxpayer shall repay the department the amount of the credit received under section 9 of this chapter.**

**Sec. 15. (a) An employee of a taxpayer that claims a credit under this chapter shall include in the employee's state adjusted gross income (as defined in IC 6-3-1-3.5(a)) the employee's eligible benefits for:**

**(1) the first taxable year in which the taxpayer offers the health benefit plan; and**

**(2) the taxable year immediately following the first taxable year in which the taxpayer offers the health benefit plan.**

**An employee's eligible benefits are not included in the employee's state adjusted gross income (as defined in IC 6-3-1-3.5(a)) for the taxable years following the taxable year described in subdivision (2).**

**(b) A taxpayer that claims a credit under this chapter shall notify each of the taxpayer's employees of the amount included in the employee's state adjusted gross income (as defined in IC 6-3-1-3.5(a)) under subsection (a) at the same time the taxpayer provides the employee with the employee's W-2 federal income tax withholding statement for the taxable year.**".

Page 2, after line 37, begin a new paragraph and insert:

"SECTION 4. [EFFECTIVE JULY 1, 2004] **IC 6-3-1-3.5, as**

**amended by this act, applies only to taxable years beginning after December 31, 2004.**

SECTION 5. [EFFECTIVE JULY 1, 2004] **IC 6-3.1-25, as added by this act, applies only to taxable years that begin after December 31, 2004."**.

Renumber all SECTIONS consecutively.

(Reference is to SB 484 as printed January 30, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 13, nays 0.

FRY, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Courts and Criminal Code, to which was referred Engrossed Senate Bill 490, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 9, nays 4.

DVORAK, Chair

Report adopted.

The House recessed until the fall of the gavel.

## RECESS

The House reconvened at 1:45 p.m. with the Speaker in the Chair.

## RESOLUTIONS ON FIRST READING

### Senate Concurrent Resolution 8

The Speaker handed down Senate Concurrent Resolution 8, sponsored by Representatives Mays, Budak, Becker, and Welch:

A CONCURRENT RESOLUTION urging the Legislative Council to direct the appropriate statutory committee to review the data regarding cervical cancer and human papillomavirus and evaluate current methods of public education and access to regular cervical cancer screening, and options for increasing screening accuracy.

*Whereas, Cervical cancer is the second most common cancer in women worldwide after breast cancer;*

*Whereas, According to United States cervical cancer statistics, the disease is the third most common gynecological cancer among American women. With approximately 12,200 new cases diagnosed annually, 4,100 of these cases result in fatalities;*

*Whereas, Cervical cancer is highly preventable, with regular and accurate screening;*

*Whereas, Widespread screening programs have helped reduce death rates from cervical cancer, but women are still dying;*

*Whereas, Cervical cancer cases in the United States are generally attributed to lack of education and access to regular cervical cancer screening, and lack of screening accuracy;*

*Whereas, Experience shows that increasing cervical cancer awareness among women, especially underserved women, significantly reduces the probability of mortality;*

*Whereas, New screening technologies, including FDA-approved testing for human papillomavirus, which is the cause of virtually all cervical cancers, offer new opportunities to finally eliminate this potentially deadly disease through early identification of women at increased risk;*

*Whereas, Leading medical organizations, including the American College of Obstetricians and Gynecologists, American Cancer Society and Association of Reproductive Health Professionals have recently updated their screening guidelines to include FDA-approved testing for human papillomavirus; and*

*Whereas, Women are entitled to proper cervical cancer information, so that they can be empowered to make informed health care decisions, and to access to routine screening, including the most accurate methods available: Therefore,*

*Be it resolved by the Senate*
*of the General Assembly of the State of Indiana,*
*the House of Representatives concurring:*

SECTION 1. That the Indiana General Assembly recognizes the severity of the issue of cervical health and calls upon the Legislative Council to direct the appropriate committee to review data regarding cervical cancer and human papillomavirus and evaluate current methods used to provide women with information regarding cervical cancer, access to regular screening, and options for increasing screening accuracy.

SECTION 2. The Indiana General Assembly recognizes that through education and early detection, women can lower their likelihood for developing cervical cancer or successfully treat cervical cancer after it develops.

SECTION 3. That the Secretary of the Senate is hereby directed to transmit a copy of this resolution to the Legislative Council.

The resolution was read a first time and adopted by voice vote. The Clerk was directed to inform the Senate of the passage of the resolution.

### Senate Concurrent Resolution 27

The Speaker handed down Senate Concurrent Resolution 27, sponsored by Representatives Duncan and Bischoff:

A CONCURRENT RESOLUTION honoring Milan, Indiana on the sesquicentennial anniversary of its founding and the golden anniversary of the "Milan Miracle" and the 1954 crowning of Miss Indiana.

*Whereas, The town of Milan, Indiana, located in the heart of Ripley County, was founded in 1854;*

*Whereas, The town was immortalized 100 years later when the small town's high school boys' basketball team defeated Muncie Central to win the 1954 state basketball championship;*

*Whereas, The "Milan Miracle" championship season inspired the 1986 movie "Hoosiers";*

*Whereas, Also in 1954, Milan native Sue Carol Eaton was crowned Miss Indiana; and*

*Whereas, Milan remains a thriving community of over 1900 citizens that enjoys a quite country charm: Therefore,*

*Be it resolved by the Senate*
*of the General Assembly of the State of Indiana,*
*the House of Representatives concurring:*

SECTION 1. That the Indiana General Assembly recognizes the hard work and dedication displayed by the citizens of Milan, Indiana in planning and organizing a sesquicentennial celebration.

SECTION 2. That the Secretary of the Senate is hereby directed to transmit a copy of this resolution to the Milan Town Council and the Milan Sesquicentennial Committee.

The resolution was read a first time and adopted by voice vote. The Clerk was directed to inform the Senate of the passage of the resolution.

### Senate Concurrent Resolution 31

The Speaker handed down Senate Concurrent Resolution 31, sponsored by Representatives Crooks and Frenz:

A CONCURRENT RESOLUTION honoring Tony Rothrock, upon his winning of the 2003 Merle Travis National Thumpicking Guitar Contest.

*Whereas, Tony Rothrock is a native of Winslow, Indiana;*

*Whereas, Tony Rothrock was recently honored as the winner of the 2003 Merle Travis National Thumpicking Guitar Contest at the Ozark Folk Center in Mountain View, Arkansas;*

*Whereas, Tony Rothrock has won numerous other such contests in Indiana, Kentucky, Tennessee, and Alabama;*

*Whereas, Tony Rothrock is an accomplished player of the flatpicking guitar, the mandolin, the dobro, the harmonica, and the bluegrass banjo;*

*Whereas, Tony Rothrock has continued to be a force behind the growth and enjoyment of old time music in Indiana; and*

*Whereas, Tony Rothrock has continued to teach this traditional music to others: Therefore,*

*Be it resolved by the Senate*
*of the General Assembly of the State of Indiana,*
*the House of Representatives concurring:*

SECTION 1. That the General Assembly hereby honors Tony Rothrock, for his recent success at the 2003 Merle Travis National Thumpicking Guitar Contest and his continued contributions to music and the state of Indiana.

SECTION 2. That the Secretary of the Senate transmit a copy of this resolution to Tony Rothrock.

The resolution was read a first time and adopted by voice vote. The Clerk was directed to inform the Senate of the passage of the resolution.

## REPORTS FROM COMMITTEES

### COMMITTEE REPORT

Mr. Speaker: Your Committee on Appointments and Claims, to which was referred Engrossed Senate Bill 4 , has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 5-22-3-6.9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 6.9. The state's procurement practices must be supportive of retention and creation of jobs in Indiana.**

SECTION 2. IC 5-22-3-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 7. (a) This section applies to a solicitation for a contract that would require the contractor to perform any of a governmental body's functions that are performed at the time of the solicitation by the governmental body's employees.**

**(b) A representative of any group of the governmental body's employees may submit, in response to a solicitation described in subsection (a), an offer for the group of employees to perform the functions that are the subject of the solicitation.**

**(c) The governmental body shall award the contract to the group of employees if this article would otherwise require the contract to be awarded to a person that submitted the group's offer.**

SECTION 3. IC 5-22-5-9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 9. (a) This section applies to a solicitation for a contract that would require the contractor to perform any of a governmental body's functions that:**

**(1) are performed at the time of the solicitation by the governmental body's employees; and**

**(2) would result in the layoff or dismissal of any of the governmental body's employees.**

**This section does not apply to a purchase under IC 5-22-13.**

**(b) A solicitation described in subsection (a) must include the following:**

**(1) An estimate of the cost the governmental body would incur in performing the functions covered by the contract with the governmental body's employees during the period comprising the term of the proposed contract. The estimate must include labor, overhead, administrative, equipment, supply, and any other costs.**

**(2) A requirement that the offeror must provide objective, verifiable evidence that:**

**(A) is satisfactory to the governmental body; and**

**(B) demonstrates that if the offeror is awarded the contract, the cost of the contract over the term of the contract will be less than the amount described in subdivision (1).**

**(3) A statement that the contract between the governmental body and the offeror must contain a provision that the governmental body may not pay to the offeror, over the term of the contract, more than the amount described in subdivision (1).**

**(4) A statement that the contract between the governmental body and the offeror may provide for the deposit of surety bonds, the making of good faith deposits, liquidated damages, the right of reversion or repurchase, or other rights and remedies if the offeror fails to comply with the contract.**

SECTION 4. IC 5-22-13-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5. **(a)** Supplies and services purchased under this chapter must:

(1) meet the specifications and needs of the purchasing governmental body; and

(2) be purchased at a fair market price.

**(b) Supplies and services purchased under this chapter are not subject to IC 5-22-5-9.**

SECTION 5. IC 5-22-16-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 7. (a) This section applies to a solicitation for a contract that would require the contractor to perform any of a governmental body's functions that:**

**(1) are performed at the time of the solicitation by the governmental body's employees; and**

**(2) would result in the layoff or dismissal of any of the governmental body's employees.**

**This section does not apply to a purchase under IC 5-22-13.**

**(b) An offeror may not be considered responsive to a solicitation described in subsection (a) if the offeror does not provide objective, verifiable evidence that:**

**(1) is satisfactory to the governmental body; and**

**(2) demonstrates that, if the offeror is awarded the contract, the cost of the contract over the term of the contract will be less than the cost the governmental body estimates the governmental body would incur in performing the functions covered by the contract with the governmental body's employees during the period comprising the term of the proposed contract.**

SECTION 6. IC 5-22-17-15 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 15. (a) This section applies to a contract that would require the contractor to perform any of a governmental body's functions that:**

**(1) are performed at the time of the solicitation for the contract by the governmental body's employees; and**

**(2) would result in the layoff or dismissal of any of the governmental body's employees.**

**This section does not apply to a purchase under IC 5-22-13.**

**(b) A contract referred to in subsection (a) must contain the statement described in IC 5-22-5-9(b)(3).**

(Reference is to SB 4 as reprinted January 28, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 10, nays 0.

HARRIS, Chair

Report adopted.

### COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Engrossed Senate Bill 19, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning transportation.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-3.5-4-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 12. In the case of a county that contains a consolidated city, the city-county council may appropriate money derived from the surtax to:

**(1)** the department of transportation established by IC 36-3-5-4 for use by the department under law; **or**

**(2) the Indiana transportation finance authority for the payment of lease rentals under IC 8-14.6.**

The city-county council may not appropriate money derived from the surtax for any other purpose.

SECTION 2. IC 6-3.5-4-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 13. (a) In the case of a county that does not contain a consolidated city of the first class, the county treasurer shall deposit the surtax revenues in a fund to be known as the "_____ County Surtax Fund".

(b) Before the twentieth day of each month, the county auditor shall allocate the money deposited in the county surtax fund during that month among the county and the cities and the towns in the county. The county auditor shall allocate the money to counties, cities, and towns under IC 8-14-2-4(c)(1) through IC 8-14-2-4(c)(3).

(c) Before the twenty-fifth day of each month, the county treasurer shall distribute to the county and the cities and towns in the county the money deposited in the county surtax fund during that month. The county treasurer shall base the distribution on allocations made by the county auditor for that month under subsection (b).

(d) A county, city, or town may only use the surtax revenues it receives under this section to:

**(1)** construct, reconstruct, repair, or maintain streets and roads under its jurisdiction; **or**

**(2) provide funds to the Indiana transportation finance authority for the payment of lease rentals under IC 8-14.6.**

SECTION 3. IC 6-3.5-5-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 14. (a) In the case of a county that contains a consolidated city, the city-county council may appropriate money derived from the wheel tax to:

(1) the department of transportation established by IC 36-3-5-4 for use by the department under law; ~~or~~

(2) an authority established under IC 36-7-23; **or**

**(3) the Indiana transportation finance authority for the payment of lease rentals under IC 8-14.6.**

(b) The city-county council may not appropriate money derived from the wheel tax for any other purpose.

SECTION 4. IC 6-3.5-5-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 15. (a) In the case of a county that does not contain a consolidated city, the county treasurer shall deposit the wheel tax revenues in a fund to be known as the "County Wheel Tax Fund".

(b) Before the twentieth day of each month, the county auditor shall allocate the money deposited in the county wheel tax fund during that month among the county and the cities and the towns in the county. The county auditor shall allocate the money to counties, cities, and towns under IC 8-14-2-4(c)(1) through IC 8-14-2-4(c)(3).

(c) Before the twenty-fifth day of each month, the county treasurer shall distribute to the county and the cities and towns in the county the money deposited in the county wheel tax fund during that month. The county treasurer shall base the distribution on allocations made by the county auditor for that month under subsection (b).

(d) A county, city, or town may only use the wheel tax revenues it receives under this section:

(1) to construct, reconstruct, repair, or maintain streets and roads under its jurisdiction; ~~or~~

(2) as a contribution to an authority established under IC 36-7-23; **or**

**(3) provide funds to the Indiana transportation finance authority for the payment of lease rentals under IC 8-14.6.**

SECTION 5. IC 8-14-10-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 8. The department may use the money in the fund only to pay the following costs:

(1) The cost of construction or reconstruction of a state highway.

(2) The cost of acquisition of all land, rights-of-way, property, rights, easements, and any other legal or equitable interests acquired by the department for the construction or reconstruction of a state highway, including the cost of any relocations incident to the acquisition.

(3) The cost of demolishing or removing any buildings, structures, or improvements on property acquired by the department for the construction or reconstruction of a state highway.

(4) Engineering and legal expenses, and the costs of plans, specifications, surveys, estimates, and any necessary feasibility studies.

(5) Payment of rentals and performance of other obligations under contracts or leases ~~relating to projects~~ **securing bonds issued** under ~~IC 8-14.5.~~ **IC 8-14.5-6.**

SECTION 6. IC 8-14-10-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. (a) The crossroads 2000 fund is established for the purpose of constructing or reconstructing state highways. The crossroads 2000 fund consists of distributions received under IC 9-29-1-2, IC 9-29-15-1, IC 9-29-15-3, and IC 9-29-15-4.

(b) The crossroads 2000 fund shall be administered by the department. The treasurer of state shall invest the money in the crossroads 2000 fund not currently needed to meet the obligations of the crossroads 2000 fund in the same manner as other public funds may be invested.

(c) Money in the crossroads 2000 fund at the end of a state fiscal year does not revert to the state general fund.

(d) The department may use the money in the crossroads 2000 fund only to pay the following costs:

(1) The cost of construction or reconstruction of a state highway.

(2) The cost of acquisition of all land, rights-of-way, property, rights, easements, and any other legal or equitable interests acquired by the department for the construction or reconstruction of a state highway, including the cost of any relocations incident to the acquisition.

(3) The cost of demolishing or removing any buildings, structures, or improvements on property acquired by the department for the construction or reconstruction of a state highway.

(4) Engineering and legal expenses, and the costs of plans, specifications, surveys, estimates, and any necessary feasibility studies.

(5) Payment of rentals and performance of other obligations under contracts or leases ~~relating to projects~~ **securing bonds issued** under ~~IC 8-14.5.~~ **IC 8-14.5-6.**

SECTION 7. IC 8-14-10-10 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 10. (a) The grant anticipation fund is established to construct and reconstruct state highways. The grant anticipation fund consists of distributions of federal transportation revenues (as defined in IC 8-14.5-7-1) made under IC 8-23-3-11.**

**(b) The grant anticipation fund shall be administered by the department. The treasurer of state shall invest the money in the grant anticipation fund not currently needed to meet the obligations of the grant anticipation fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the grant anticipation fund.**

**(c) Money in the grant anticipation fund at the end of a state fiscal year does not revert to the state general fund.**

**(d) The department may use the money in the grant anticipation fund only to pay the following costs:**

**(1) The cost of construction or reconstruction of a highway improvement project.**

**(2) The cost of acquisition of all land, rights-of-way, property, rights, easements, and any other legal or equitable interests acquired by the department for the construction or reconstruction of a highway improvement project, including the cost of any relocations incident to the acquisition.**

**(3) The cost of demolishing or removing any buildings, structures, or improvements on property acquired by the department for the construction or reconstruction of a highway improvement project.**

**(4) Engineering and legal expenses and the costs of plans, specifications, surveys, estimates, and any necessary feasibility studies.**

**(5) Payment of rentals and performance of other obligations under contracts or leases relating to highway improvement projects securing grant anticipation revenue bonds or notes**

**issued under IC 8-14.5-7. However, amounts in the grant anticipation fund may not be pledged to such payments.**

**(e) A holder of grant anticipation revenue bonds or notes issued under IC 8-14.5-7 may not compel the payment of federal transportation revenues to the department.**

SECTION 8. IC 8-14.5-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. "Bonds" refers to bonds of the authority issued under IC 8-14.5-6 **or IC 8-14.5-7.**

SECTION 9. IC 8-14.5-2-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 8. "Notes" refers to notes of the authority issued under IC 8-14.5-6 **or IC 8-14.5-7** and includes any evidences of indebtedness of the authority except bonds.

SECTION 10. IC 8-14.5-5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5. The department shall pay lease rentals for leases entered into under this chapter **and securing bonds issued under IC 8-14.5-6** from revenues transferred to the state highway road construction and improvement fund or the crossroads 2000 fund before making any other disbursements from those ~~revenues.~~ **funds. The department shall pay lease rentals for leases entered into under this chapter and securing grant anticipation revenue bonds or notes issued under IC 8-14.5-7 from federal transportation revenues (as defined in IC 8-14.5-7-1) transferred to the grant anticipation fund before making any other disbursements from the grant anticipation fund.**

SECTION 11. IC 8-14.5-7 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:

**Chapter 7. Grant Anticipation Revenue Bonds and Notes**

**Sec. 1. As used in this chapter, "federal transportation revenues" means:**

**(1) money and obligation authority apportioned or allocated, or anticipated to be apportioned or allocated in the current federal fiscal year or a future federal fiscal year, to Indiana by the United States Department of Transportation under 23 U.S.C., as amended, for use on a project; or**

**(2) other federal money that may be used for a project and is available or anticipated to be available in the current federal fiscal year or a future federal fiscal year.**

**Sec. 2. As used in this chapter, "grant anticipation revenue bond" or "grant anticipation revenue note" means a bond or note, respectively, secured by lease rentals relating to highway improvement projects and anticipated to be paid from federal transportation revenues deposited in the grant anticipation fund.**

**Sec. 3. As used in this chapter, "highway improvement project" means a project for which the department may use federal transportation revenues.**

**Sec. 4. The authority may, by resolution, issue grant anticipation revenue bonds or notes for any purpose that is authorized by IC 8-14.5-6 and for which the department may use federal transportation revenues. When issuing grant anticipation revenue bonds or notes, the authority is subject to the provisions of 25 IAC 5 concerning equal opportunities for minority business enterprises and women's business enterprises to participate in procurement and contracting processes.**

**Sec. 5. (a) Before grant anticipation revenue bonds or notes may be issued under this chapter, the department shall prepare a revenue declaration providing a specified amount or percentage of federal transportation revenues received by the state during a state fiscal year to be deposited in the grant anticipation fund and the number of years those deposits shall be made. A revenue declaration prepared under this section is subject to approval of the budget agency and the authority.**

**(b) The total amount of lease rentals securing grant anticipation revenue bonds or notes issued under this chapter and scheduled to be paid during any state fiscal year, determined as of the date of issuance of each series of grant anticipation revenue bonds or notes, may not exceed an amount equal to fifty percent (50%) of the remainder of:**

**(1) the total amount of federal transportation revenues apportioned or allocated to the department during the federal fiscal year immediately preceding the state fiscal year in which such series of bonds or notes is issued; minus**

**(2) seven hundred sixteen million seventy-four thousand three hundred eighteen dollars ($716,074,318), which is the total amount of federal transportation revenues apportioned or allocated to the department during the federal fiscal year beginning October 1, 2001, and ending September 30, 2002.**

**(c) All other provisions of IC 8-14.5-6 apply to the issuance of grant anticipation revenue bonds or notes under this chapter.**

**Sec. 6. Grant anticipation revenue bonds or notes:**

**(1) constitute the corporate obligations of the authority;**

**(2) do not constitute an indebtedness of the state within the meaning or application of any constitutional provision or limitation; and**

**(3) are payable solely as to both principal and interest from:**

**(A) the revenues from a lease to the department, if any;**

**(B) proceeds of bonds or notes, if any; or**

**(C) investment earnings on proceeds of bonds or notes, if any.**

SECTION 12. IC 8-14.6 IS ADDED TO THE INDIANA CODE AS A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:

**ARTICLE 14.6. LEASE FINANCING FOR LOCAL ROAD PROJECTS**

**Chapter 1. Legislative Findings of Fact**

**Sec. 1. The general assembly makes the following findings of fact:**

**(1) That there exists in cities, towns, and counties in Indiana a need for construction, acquisition, reconstruction, improvement, and extension of local roads in order to provide for the public welfare and safety by providing safe, dependable, and reliable local roads for vehicular traffic.**

**(2) That the development and maintenance of the economy of Indiana's cities, towns, and counties requires an adequate system of local roads in order to provide for the public welfare and to facilitate the creation and maintenance of jobs, the increase and stabilization of the tax base, and the general economic welfare of cities, towns, and counties and their citizens.**

**(3) That it is necessary to serve the public interest and to provide for the public welfare by adopting this article for the purposes described in this article.**

**Sec. 2. This article provides an additional and alternative method for doing the things authorized by this article, and is supplemental and additional to powers conferred by other laws and not in derogation of any other powers.**

**Sec. 3. This article is necessary for the welfare of the cities, towns, and counties of Indiana and their inhabitants, and shall be liberally construed to effect the purposes of this article.**

**Chapter 2. Definitions**

**Sec. 1. The definitions in this chapter apply throughout this article.**

**Sec. 2. "Authority" refers to the Indiana transportation finance authority established by IC 8-9.5-8-2.**

**Sec. 3. "Bonds" refers to bonds of the authority issued under IC 8-14.6-6.**

**Sec. 4. "Capitalized interest" means interest cost on bonds or notes before and during the period of construction of the local road project for which the bonds or notes were issued, and for a period not to exceed one (1) year after completion of construction.**

**Sec. 5. "Construction" means the construction, acquisition, reconstruction, improvement, and extension of a local road project.**

**Sec. 6. "Costs" as applied to any local road project includes any item or cost of a capital nature incurred in the construction of a local road project, including:**

**(1) the cost of construction;**

**(2) the cost of acquisition of all land, rights-of-way, property, rights, easements, and any other legal or equitable interests acquired by the authority for the construction, including the cost of any relocations incident to the acquisition;**

**(3) the cost of demolishing or removing any buildings, structures, or improvements on property acquired by the**

authority, including the cost of:

(A) acquiring any property to which the buildings, structures, or improvements may be moved; or

(B) acquiring any property that may be exchanged for property acquired by the authority;

(4) financing charges;

(5) costs of issuance of bonds or notes, including costs of credit enhancement, such as bond or note insurance;

(6) remarketing or conversion fees;

(7) bond or note discount;

(8) capitalized interest;

(9) the cost of funding any reserves to secure the payment of bonds or notes;

(10) engineering and legal expenses, costs of plans, specifications, surveys, estimates, and any necessary feasibility studies;

(11) other expenses necessary or incident to determining the feasibility or practicability of constructing any local road project;

(12) administrative expenses of the authority or one (1) or more local units relating to any local road project financed by bonds or notes;

(13) reimbursement of one (1) or more local units for:

(A) any cost, obligation, or expense incurred by the local unit or units relating to a local road project;

(B) advances relating to a local road project from the local unit or units to the authority for surveys, borings, preparation of plans and specifications, or engineering services; or

(C) any other cost of construction incurred by the local unit or units or paid from advances; and

(14) other expenses the authority finds necessary or incident to the construction of the local road project, the financing of the construction, and the placing of the local road project in operation.

Sec. 7. "Local road project" means any:

(1) road;

(2) street;

(3) motorway;

(4) bridge;

(5) tunnel;

(6) overpass;

(7) underpass;

(8) interchange;

(9) entrance;

(10) approach; or

(11) other public way;

that is part of the arterial road system, local county roads, arterial street system, or local streets for a local unit for purposes of IC 8-14-2. The term includes all land, rights-of-way, property, rights, easements, materials, and legal or equitable interests necessary for the construction of the local road project.

Sec. 8. "Local unit" means a city, town, or county acting through its fiscal body (as defined in IC 36-1-2-6).

Sec. 9. "Notes" refers to notes of the authority issued under IC 8-14.6-6 and includes any evidences of indebtedness of the authority except bonds.

Sec. 10. "Property owner" means all individuals, copartnerships, associations, governmental units or entities, corporations, limited liability companies, or other legal entities having any title or interest in any land, rights-of-way, property, rights, easements, or legal or equitable interests that may be acquired by the authority.

Sec. 11. "Weighted average life" of an issue of bonds or notes means:

(1) the sum of the products of the face amount of each maturity and the number of years to maturity (determined separately for each maturity and by taking into account mandatory sinking fund redemptions); divided by

(2) the face amount of the entire issue of bonds or notes.

Sec. 12. "Weighted average useful life" of a local road project or local road projects means:

(1) the sum of the products of the cost of each asset comprising the local road project or local road projects and the useful life of the respective asset; divided by

(2) the total cost of all the assets comprising the local road project or local road projects.

For purposes of this computation, the useful life of land is fifty (50) years. The useful life of all other assets comprising the local road project shall be conclusively evidenced by a certificate of the local unit, supported by a statement from the local unit's consulting engineer. The weighted average useful life of any local road project shall be determined as of the later of the date on which the local road project is expected to be placed in service and the date on which the bonds or notes are issued.

Chapter 3. General Provisions

Sec. 1. The authority shall contract with one (1) or more local units for construction, ownership, maintenance, and operation of local road projects.

Sec. 2. The authority shall finance local road projects in accordance with this article.

Sec. 3. The authority may exercise any powers provided under this article in participation or cooperation with any governmental entity and enter into any contracts to facilitate that participation or cooperation without compliance with any other statute. This article constitutes complete authority for the authority to carry out its powers and duties under this article. No law, procedure, proceedings, publications, notices, consents, approvals, orders, or acts by the authority or any other officer, department, agency, or instrumentality of the state or any political subdivision are required for the authority to carry out its powers and duties, except as prescribed in this article.

Sec. 4. The authority may pay the cost of construction of a local road project from any funds available to the authority under this article or any other law.

Sec. 5. The authority may sell, transfer, lease, or otherwise convey any land, rights-of-way, property, rights, easements, or legal or equitable interest it considers necessary or convenient for carrying out this article, including disposal of unused or surplus property.

Sec. 6. The authority may acquire by purchase, whenever it considers a purchase expedient, any land, rights-of-way, property, rights, easements, or other legal or equitable interests as it considers necessary or convenient for the construction and operation of any local road project. A purchase under this section shall be made upon the terms and at the price agreed upon between the authority and the property owner.

Sec. 7. The authority may make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this article or any other law. These contracts or agreements are not subject to any approvals other than the approval of the authority and may be for any term of years and contain any terms that are considered reasonable by the authority.

Sec. 8. The authority may employ and fix the compensation of financial advisors and underwriters, bond counsel, other attorneys with the approval of the attorney general, and other employees, independent contractors, and agents as necessary in its judgment to carry out this article. The authority is subject to the provisions of 25 IAC 5 concerning equal opportunities for minority business enterprises and women's business enterprises to participate in procurement and contracting processes.

Sec. 9. The authority may accept gifts, devises, bequests, grants, appropriations, revenue sharing, other financing and assistance, and any other aid from any source and agree to and comply with conditions attached to the aid.

Sec. 10. The authority may accept the transfer of any local road project to the authority.

Sec. 11. (a) Except as provided in subsection (b), the authority may, in the manner provided by IC 8-23-7, acquire by appropriation any land, rights-of-way, property, rights, easements, or other legal or equitable interests necessary or convenient for the construction or the efficient operation of any local road project. However, compensation for the property taken shall first be made in money as provided by law.

(b) The authority may take or disturb property or facilities that:

(1) belong to any public utility or to a common carrier

engaged in interstate commerce;

(2) are required for the proper and convenient operation of the public utility or common carrier; and

(3) are not located within the limits of local road projects being constructed under this article;

only if provision is made for the restoration, relocation, or duplication of the property or facilities elsewhere at the cost of the authority.

Sec. 12. The authority may do all things necessary or proper to carry out this article.

Sec. 13. A local unit may convey, transfer, lease, or sell, with or without consideration, real property of any nature (including buildings, structures, improvements, land, rights-of-way, easements, and legal or equitable interests), title to which is held in the name of the local unit, to the authority, without being required to advertise or solicit bids or proposals, in order to accomplish the governmental purposes of this article.

Sec. 14. All property of the authority is public property devoted to an essential public and governmental function and purpose and is exempt from all taxes and special assessments of the state or any political subdivision of the state.

Chapter 4. Contracts With Local Units

Sec. 1. The authority is responsible for the construction, leasing, and ownership of local road projects. With respect to each local road project, the authority and one (1) or more local units may enter into a contract for the purposes set forth in this chapter. If the authority and the local unit or units decide to enter into a contract under this chapter, the authority and the local unit or units may enter into a separate contract for each local road project or a master contract for several local road projects.

Sec. 2. A contract under this chapter must:

(1) provide for the construction and ownership of the local road project; and

(2) describe the local road project or local road projects, setting forth in general terms principal features such as geographic location, widths of rights-of-way, number of lanes in each direction, width of traffic lanes, widths of shoulders, location and nature of tunnels, overpasses, underpasses, interchanges, bridges, approaches, and connecting roads, streets, and highways.

Sec. 3. The contract may include the following:

(1) Provisions for payment by the authority to the local unit or units of all costs incurred by the local unit or units in the performance of the contracts, including all costs of construction, salaries, wages, and associated costs of personnel attributable to performance of the contract.

(2) Other terms and conditions that the authority and the local unit or units consider appropriate.

Sec. 4. Notwithstanding any other law, a local unit may enter into a contract with the authority by negotiating the contract with the authority and without complying with the requirements of any other law. A local unit shall observe any existing contractual commitments to the holders of bonds or notes or other persons when entering into a contract.

Chapter 5. Leases With Local Units

Sec. 1. (a) In addition to its other powers, one (1) or more local units may enter into a lease or leases with the authority under section 2 or 3 of this chapter for any or all of the purposes set forth in this article. Notwithstanding any other law, a local unit may enter into a lease with the authority by negotiating the lease with the authority and without complying with the requirements of any other law. A local unit shall observe any existing contractual commitments to the holders of bonds or notes or other persons when entering into a lease.

(b) The authority has all the powers necessary and incidental to carry out the terms and conditions of leases under this chapter.

(c) If the authority and one (1) or more local units decide to enter into a lease under this chapter, the authority and the local unit or units may enter into a separate lease for each local road project or may enter into one (1) or more master leases for several local road projects.

Sec. 2. (a) A lease entered into under this section must include the following:

(1) A statement that the term of the lease is for a period coextensive with the biennium used for state budgetary and appropriation purposes with a fractional period when the lease begins, if necessary.

(2) A statement that the term of the lease is extended from biennium to biennium, with the extensions not to exceed a lease term of twenty-five (25) years, unless either the authority or the local unit or units give notice of nonextension at least six (6) months before the end of a biennium, in which event the lease expires at the end of the biennium in which the notice is given.

(3) A provision plainly stating that the lease does not constitute an indebtedness of the state or any local unit within the meaning or application of any constitutional provision or limitation, and that lease rentals are payable by the local unit or units solely from the sources described in section 6 of this chapter, for the actual use or availability for use of local road projects provided by the authority, with payment commencing not earlier than the time the use or availability commences.

(4) Provisions requiring the local unit or units to pay rent at times and in amounts sufficient to pay in full:

(A) the debt service payable under the terms of any bonds or notes issued by the authority and outstanding with respect to any local road project, including any required additions to reserves for the bonds or notes maintained by the authority; and

(B) additional rent as provided by the lease;

subject to the appropriation of money by the local unit or units to pay lease rentals.

(5) Provisions requiring the local unit or units to operate and maintain the local road project or local road projects during the term of the lease.

(6) A provision in each master lease for two (2) or more local road projects requiring that each local road project added to the master lease shall be covered by a supplemental lease describing the particular local road project, stating the additional rental payable and providing that all lease covenants, including the obligation to pay the original and additional rent under any supplement, shall be unitary and include all local road projects covered, whether by the master lease or a supplemental lease.

(b) A lease entered into under this section may contain other terms and conditions that the authority and the local unit or units consider appropriate.

(c) The fiscal officer (as defined in IC 36-1-2-7) of the local unit shall request an appropriation from the local unit for payment of lease rentals on any lease entered into under this section in writing at a time sufficiently in advance of the date for payment of the lease rentals so that an appropriation may be made in the normal budgetary process of the local unit.

Sec. 3. (a) A lease entered into under this section must include the following:

(1) The term of the lease, which may not exceed the weighted average useful life of the local road project or local road projects.

(2) A provision plainly stating that the lease does not constitute an indebtedness of the state or any local unit within the meaning or application of any constitutional provision or limitation, and that lease rentals are payable by the local unit or units solely for the annual use or availability for use of local road projects provided by the authority, with payment commencing not earlier than the time the use or availability commences.

(3) Provisions requiring the local unit or units to pay rent at times and in amounts sufficient to pay in full the following:

(A) The debt service payable under the terms of any bonds or notes issued by the authority and outstanding with respect to any local road project, including any required additions to reserves for the bonds or notes maintained by the authority.

(B) Additional rent as provided by the lease.

(4) Provisions requiring the local unit or units to operate and maintain the local road project or local road projects

during the term of the lease.

(5) A provision in each master lease for two (2) or more local road projects requiring that each local road project added to the master lease shall be covered by a supplemental lease describing the particular local road project, stating the additional rental payable and providing that all lease covenants, including the obligation to pay the original and additional rent under any supplement, shall be unitary and include all local road projects covered, whether by the master lease or a supplemental lease.

(b) A lease entered into under this section may contain other terms and conditions that the authority and the local unit or units consider appropriate.

Sec. 4. If a local unit fails at any time to pay to the authority when due any lease rentals on any lease under this chapter, the chairman of the authority shall immediately report the unpaid amount in writing to the general assembly and the governor.

Sec. 5. A local unit or units may lease any property under its control to the authority for construction of a local road project, which local road project may be leased to the local unit or units.

Sec. 6. (a) A local unit shall pay lease rentals for leases entered into under this chapter from revenues from any combination of the following sources:

(1) Money payable to the local unit from the motor vehicle highway account.

(2) Money payable to the local unit from the local road and street account.

(3) Revenues from the county motor vehicle excise surtax.

(4) Revenues from the county wheel tax.

(5) Federal transportation revenues apportioned or allocated to the state and distributed to the local unit by the Indiana department of transportation.

(6) Any other source of revenues (other than property taxes) that is legally available to the local unit.

(b) A local unit may, in the manner provided by IC 5-1-14-4, pledge the revenues described in this section for the payment of lease rentals. However, in making a pledge the local unit shall not commit money required to provide adequate funding for other local road needs.

Sec. 7. If a local unit pledges money from the motor vehicle highway account or the local road and street account, or both, for the payment of lease rentals for leases entered into under this chapter, the local unit shall immediately provide the auditor of state with a written notice setting forth the terms of the pledge and directing the auditor of state to:

(1) withhold the amounts pledged from the distributions that are otherwise payable to the local unit under IC 8-14-1-3 or IC 8-14-2-4, or both; and

(2) pay the amounts withheld to the authority.

Notwithstanding IC 8-14-1-3 and IC 8-14-2-4, the auditor of state shall withhold and pay to the authority the amounts specified in the notice.

Sec. 8. Notwithstanding any other provision of law, to the extent that any department or agency of the state, including the treasurer of state, is the custodian of money payable to a local unit (other than for goods or services provided by the local unit), at any time after written notice to the department or agency head from the authority that the local unit is in default on the payment of lease rentals for a lease entered into under this chapter, the department or agency shall withhold the payment of that money from the local unit and pay over the money to the authority for the purpose of paying the lease rentals.

Sec. 9. The requirements of sections 7 and 8 of this chapter to withhold amounts due under a lease do not create a debt of the state or a local unit for purposes of the Constitution of the State of Indiana.

Chapter 6. Issuance of Bonds and Notes

Sec. 1. Subject to sections 2 and 5 of this chapter, and before July 1, 2007, the authority shall, by resolution, issue and sell bonds or notes of the authority to provide funds to carry out this article with respect to the construction of a local road project or local road projects or the refunding of any bonds or notes, together with any reasonable costs associated with a refunding.

Sec. 2. Before the issuance of bonds or notes, the authority must receive the approval of the budget agency.

Sec. 3. (a) The construction of a local road project may not be financed under this article if, at the time the lease with respect to the local road project is initially entered into, the weighted average useful life of the local road project is less than five (5) years.

(b) For purposes of this section and section 5 of this chapter, a certificate of the local unit, supported by a statement from the local unit's consulting engineer, as to the weighted average useful life of the local road project is conclusive with respect to the matters contained in the certificate.

(c) If any bonds or notes bear interest at a variable or adjustable rate, lease rentals under any lease or leases attributable to debt service shall be fixed over the term of the lease or leases based on the fair and reasonable value of the local road project or local road projects leased.

Sec. 4. (a) Before issuing a series of bonds or notes, the authority shall publish a notice of its determination to issue the bonds or notes. The notice shall be published:

(1) one (1) time in two (2) newspapers published and of general circulation in the city of Indianapolis; and

(2) one (1) time in one (1) newspaper published and of general circulation in each local unit that proposes to enter into a lease of the local road projects to be financed by the bonds or notes.

(b) No action to contest the validity of:

(1) any contract entered into by one (1) or more local units and the authority before the bonds or notes are issued;

(2) any lease entered into by one (1) or more local units and the authority before the bonds or notes are issued to secure a series of bonds or notes; or

(3) a series of bonds or notes issued by the authority;

may be brought against the authority after the fifteenth day following publication of the notice required by subsection (a)(1) or against a local unit after the fifteenth day following publication of the notice under subsection (a)(2).

(c) If a lease or contract is entered into under this chapter after bonds or notes relating to the lease or contract are issued, the authority may publish notice of execution of the lease or contract as set forth in subsection (a). No action against the authority to contest the validity of such a lease or contract may be brought after the fifteenth day following publication of the notice under subsection (a)(1) or against a local unit after the fifteenth day following publication of the notice under subsection (a)(2).

(d) If an action against the authority or a local unit challenging a lease, a contract, bonds, or notes is not brought within the time prescribed by this section, the lease, contract, bonds, or notes shall be conclusively presumed to be fully authorized and valid under the laws of the state and any person or entity is estopped from further questioning the authorization, validity, execution, delivery, or issuance of the contract, lease, bonds, or notes.

Sec. 5. (a) The bonds or notes must indicate on their face:

(1) the maturity date or dates, as determined under subsection (b);

(2) the interest rate or rates (whether fixed, variable, or a combination of fixed and variable) or the manner in which the interest rate or rates will be determined if variable or adjustable rates are used;

(3) registration privileges and place of payment, including provisions for book entry obligations as set forth in IC 5-1-15;

(4) the conditions and terms under which the bonds or notes may be redeemed or prepaid before maturity; and

(5) the source of payment as set forth in section 10 of this chapter.

(b) The weighted average life of the bonds or notes may not exceed the sum of:

(1) the weighted average useful life of the local road project or local road projects to be financed from the proceeds of the bonds or notes; plus

(2) the period of construction of the local road project or local road projects.

Sec. 6. The bonds or notes:

(1) shall be executed by the manual or facsimile signature of

the chairman or vice chairman of the authority;

(2) shall be attested by the manual or facsimile signature of the secretary-treasurer or assistant secretary-treasurer of the authority;

(3) shall be imprinted or impressed with the seal of the authority by any means;

(4) may be authenticated by a trustee, registrar, or paying agent; and

(5) constitute valid and binding obligations of the authority, even if the chairman, vice chairman, secretary-treasurer, or assistant secretary-treasurer whose manual or facsimile signature appears on the bonds or notes no longer holds that office.

Sec. 7. The bonds or notes, when issued, have all the qualities of negotiable instruments, subject to provisions for registration, under IC 26 and are incontestable in the hands of a bona fide purchaser or owner of the bonds or notes for value.

Sec. 8. The bonds or notes may be sold by the authority at a public or a negotiated sale at a time or times determined by the authority and at a premium or discount as determined by the authority. In determining the amount of bonds or notes to be issued and sold, the authority may include the costs of construction or of refunding bonds or notes, including reasonable debt service reserves, and all other expenses necessary or incident to the construction of the local road project, a refunding, or the issuance of the bonds or notes.

Sec. 9. The proceeds of the bonds or notes are appropriated for the purpose for which the bonds or notes may be issued and the proceeds shall be deposited and disbursed in accordance with any provisions and restrictions that the authority may provide in the resolution or trust agreement authorizing the issuance of the bonds or notes. The maturities of the bonds or notes, the rights of the owners, and the rights, duties, and obligations of the authority are governed in all respects by this article and the resolution or trust agreement.

Sec. 10. The bonds or notes:

(1) constitute the corporate obligations of the authority;

(2) do not constitute an indebtedness of the state or any local unit within the meaning or application of any constitutional provision or limitation; and

(3) are payable solely as to both principal and interest from:

(A) the revenues from a lease to one (1) or more local units, if any;

(B) proceeds of bonds or notes, if any; or

(C) investment earnings on proceeds of bonds or notes.

Sec. 11. The provisions of this article and the covenants and undertakings of the authority as expressed in any proceedings preliminary to or in connection with the issuance of the bonds or notes may be enforced, subject to the provisions of any resolution or trust agreement, by a bond or note owner by action for injunction or mandamus against the authority or any officer, agent, or employee of the authority. However, no action for monetary judgment may be brought against the state for any violations of this article or for payment of the bonds or notes of the authority.

Sec. 12. All bonds or notes issued under this article are issued by a body corporate and politic of this state, but not a state agency, and for an essential public and governmental purpose. The bonds and notes, the interest on the bonds and notes, the proceeds received by an owner from the sale of the bonds or notes to the extent of the owner's cost of acquisition, proceeds received upon redemption for maturity, proceeds received at maturity, and the receipt of the interest and proceeds are exempt from taxation for all purposes except the financial institutions tax imposed under IC 6-5.5 or a state inheritance tax imposed under IC 6-4.1.

Sec. 13. Notwithstanding any other law, all financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees, and other fiduciaries may legally invest sinking funds, money, or other funds belonging to them or within their control in bonds or notes issued under this chapter.

Sec. 14. Bonds or notes issued under this chapter are exempt from the registration requirements of IC 23-2-1 and any other state securities registration statutes.

Sec. 15. A pledge of lease rentals, proceeds of bonds or notes, investment earnings on those proceeds, or other money pledged by the authority is binding from the time the pledge is made. Lease rentals, proceeds of bonds or notes, investment earnings on those proceeds, or other money pledged by the authority and thereafter received by the authority or its trustee or fiduciary is immediately subject to the lien of the pledge without any further act, and the lien of the pledge is binding against all parties having claims of any kind in tort, contract, or otherwise against the authority, regardless of whether the parties have notice of the lien. A resolution, trust agreement, or any other instrument by which a pledge is created is required to be filed or recorded only in the records of the authority.

Sec. 16. The authority may obtain from a department or an agency of the state or of the United States, or from a nongovernmental insurer, available insurance or guaranty for the payment or repayment of interest or principal, or both, or any part of interest or principal, or any debt service reserve funds, on bonds or notes issued by the authority, or on securities purchased or held by the authority.

Sec. 17. The authority may enter into agreements with an entity to provide credit enhancement or liquidity support for any bonds or notes issued by the authority, or for any debt service reserves securing any bonds or notes, with terms that are reasonable and proper, in the discretion of the authority, and not in violation of law. The authority may execute and deliver notes to evidence its obligation to make payments under such an agreement, but these notes must conform to this article in all respects.

Sec. 18. The authority may enter into agreements or contracts with any financial institution as may be necessary, desirable, or convenient in the opinion of the authority for rendering services in connection with:

(1) the care, custody, or safekeeping of securities or other investments held or owned by the authority;

(2) the payment or collection of amounts payable as to principal or interest; and

(3) the delivery to the authority of securities or other investments purchased or sold by it.

The authority may also, in connection with any of the services rendered by a financial institution as to custody and safekeeping of its securities or investments, require security in the form of collateral bonds, surety agreements, or security agreements as, in the opinion of the authority, is necessary or desirable.

Sec. 19. (a) In the discretion of the authority, any bonds and notes issued under this chapter may be secured by a trust agreement by and between the authority and a corporate trustee, which may be any trust company or bank having the powers of a trust company in Indiana. Such a trust agreement may also provide for a cotrustee, which may be any trust company or bank in Indiana or another state.

(b) The trust agreement or the resolution providing for the issuance of the bonds or notes may contain provisions for protecting and enforcing the rights and remedies of the owners of bonds or notes as may be reasonable and proper, in the discretion of the authority, and not in violation of law.

(c) The trust agreement or resolution may set forth the rights and remedies of the owners of any bonds or notes of the trustee and may restrict the individual right of action by the owners.

(d) Any trust agreement or resolution may contain other provisions that the authority considers reasonable and proper for the security of the owners of bonds or notes.

(e) All expenses incurred in carrying out the provisions of the trust agreement or resolution may be paid from money pledged or assigned to the payment of the principal of and interest on bonds or notes or from any other funds available to the authority.

Sec. 20. The authority may purchase bonds or notes of the authority out of its funds or money available for the purchase of its own bonds or notes. The authority may hold, cancel, or resell the bonds or notes subject to, and in accordance with, agreements with owners of its bonds or notes. Unless canceled, bonds or notes so held shall be considered to be held for resale or transfer and the obligation evidenced by the bonds or notes shall not be

**considered to be extinguished.**

**Sec. 21. Funds or money held by the authority under any trust agreement or resolution may be invested pending disbursement as provided in the trust agreement or the resolution. Such an investment is not restricted by or subject to the provisions of any other law.**

**Chapter 7. Reserve Fund for Bonds and Notes**

**Sec. 1. (a) The authority may establish and maintain a reserve fund for each issue of bonds or notes in which there shall be deposited or transferred:**

**(1) all money appropriated by the general assembly for the purpose of the fund in accordance with section 3(a) of this chapter;**

**(2) all proceeds of bonds or notes required to be deposited in the fund under the terms of:**

**(A) a contract between the authority and the holders of the bonds or notes; or**

**(B) a resolution of the authority with respect to the proceeds of bonds or notes;**

**(3) all other money appropriated by the general assembly to a reserve fund; and**

**(4) any other money or funds of the authority that the authority decides to deposit in the fund.**

**(b) Subject to section 3(b) of this chapter, money in any reserve fund shall be held and applied solely to the payment of the interest on and principal of bonds or notes of the authority as the interest and principal become due and payable and for the retirement of bonds or notes. The money may not be withdrawn if a withdrawal would reduce the amount in the reserve fund to an amount less than the required debt service reserve, except for payment of interest then due and payable on bonds or notes and the principal of bonds or notes then maturing and payable, whether by reason of maturity or mandatory redemption, for which payments other money of the bank is not then available. As used in this chapter, "required debt service reserve" means, as of the date of computation, the amount required to be on deposit in the reserve fund as provided by resolution or trust agreement of the authority.**

**(c) Money in any reserve fund that exceeds the required debt service reserve, whether by reason of investment or otherwise, may be withdrawn at any time by the authority and transferred to another fund or account of the authority, subject to the provisions of any agreement with the holders of any bonds or notes.**

**Sec. 2. For purposes of valuation, investments in the reserve fund shall be valued at par, or if purchased at less than par, at cost unless otherwise provided by resolution or trust agreement of the authority. Valuation on a particular date shall include the amount of interest then earned or accrued to that date on the money or investments in the reserve fund.**

**Sec. 3. (a) In order to assure the maintenance of the required debt service reserve in any reserve fund, the general assembly may annually appropriate to the authority for deposit in one (1) or more of the funds the sum, certified by the authority to the general assembly, that is necessary to restore one (1) or more of the funds to an amount equal to the required debt service reserve. Before December 1 of each year, the authority shall make and deliver to the general assembly a certificate stating the sum required to restore the funds to that amount. Nothing in this subsection creates a debt or liability of the state to make any appropriation.**

**(b) All amounts received on account of money appropriated by the state to any reserve fund shall be held and applied in accordance with section 1(b) of this chapter. However, at the end of each fiscal year, if the amount in any reserve fund exceeds the required debt service reserve, any amount representing earnings or income received on account of any money appropriated to the reserve fund that exceeds the expenses of the authority for that fiscal year may be transferred to the state general fund.**

**Sec. 4. Subject to the provisions of any agreement with its holders, the bank may combine a reserve fund established for an issue of bonds or notes into one (1) or more reserve funds.**

SECTION 13. IC 8-23-3-11 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 11. Notwithstanding any other provision of this chapter, if grant anticipation revenue bonds or notes have been issued under IC 8-14.5-7, the department shall collect or cause to be collected federal transportation revenues (as defined in IC 8-14.5-7-1) and shall, as provided by the department in the revenue declaration relating to the issuance of the grant anticipation revenue bonds or notes, deposit or cause to be deposited the specified part of the federal transportation revenues in the grant anticipation fund established by IC 8-14-10-10.**".

Renumber all SECTIONS consecutively.

(Reference is to ESB 19 as printed February 13, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 24, nays 0.

CRAWFORD, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Judiciary, to which was referred Engrossed Senate Bill 21, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 11, nays 0.

L. LAWSON, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Environmental Affairs, to which was referred Engrossed Senate Bill 22, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 12, nays 0.

BOTTORFF, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, Corporations and Small Business, to which was referred Engrossed Senate Bill 24, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 24, delete "shall" and insert "**must**".

Page 2, line 27, delete "in performing" and insert "**that performs**".

Page 2, line 29, after "a" insert "**completed**".

Page 2, line 30, after "receives the" insert "**completed**".

Page 3, line 11, delete "This" and insert "**(a) Except as provided in subsection (b), this**".

Page 3, between lines 12 and 13, begin a new paragraph and insert:

"**(b) This chapter does not apply to the credentialing of a provider by a health maintenance organization if the provider's application for credentialing is only for purposes of providing health care services to:**

**(1) a Medicaid recipient under a Medicaid risk based managed care program described in IC 12-15-12; or**

**(2) an individual who is covered under the children's health insurance program established under IC 12-17.6-2.**".

Page 3, line 15, delete "shall" and insert "**must**".

Page 3, line 19, delete "in performing" and insert "**that performs**".

Page 3, line 22, after "on a" insert "**completed**".

Page 3, line 24, after "receives the" insert "**completed**".

(Reference is to SB 24 as reprinted February 4, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 12, nays 0.

FRY, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred Engrossed Senate Bill 29, has had the same under

consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 20-1-1.1-7, AS AMENDED BY P.L.206-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. (a) The department of education shall:

(1) establish the position of education consultant for health and physical education; and

(2) hire an individual to perform the duties of education consultant.

(b) The education consultant for health and physical education shall:

(1) plan and develop curriculum for health, **nutrition,** and physical education for grades kindergarten through 12, **which shall be broadly distributed to teachers and parents;** and

(2) perform other duties as the department designates.

(c) The department of education shall establish a program in health, **nutrition,** and physical education for children in grades kindergarten through 12. The purposes of this program are to encourage children to develop:

(1) healthful living habits;

(2) an interest in lifetime health and physical fitness; ~~and~~

(3) decisionmaking skills in the areas of health and physical fitness; **and**

**(4) increased levels of physical activity consistent with guidelines established by the education consultant for health and physical education.**

(d) The program in health, **nutrition,** and physical education must include the following elements:

(1) Local school program development.

(2) Technical and inservice training assistance for local schools.

(3) Local school initiatives in writing curricula in the areas of health and physical education.

(4) Cardiopulmonary resuscitation training using a training program approved by the American Heart Association or an equivalent nationally recognized training program.

**(5) An outreach and communication plan to provide parents and students with current information and research on health, nutrition, and physical education issues.**

(e) In establishing the program in health and physical education, the department may give grants to or enter into contracts with individuals or school corporations to carry out the purposes of the program.

SECTION 2. IC 20-1-1.1-11 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 11. (a) The division of school and community nutrition programs of the department shall develop recommendations for use by school corporations in:**

**(1) determining the nutritional content of meals served in schools; and**

**(2) establishing policies concerning foods that are available to students in schools.**

**(b) The following apply to recommendations developed under subsection (a):**

**(1) The recommendations must be based on current nutritional science that has been demonstrated to help students:**

**(A) control excessive weight and weight gain;**

**(B) avoid unsafe weight loss practices;**

**(C) develop healthy eating habits; and**

**(D) avoid diseases caused by unsafe dietary habits.**

**(2) The recommendations may address the different health needs and peer influences of students in elementary school, middle school, and high school.**

SECTION 3. IC 20-1-1.1-12 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 12. (a) The department, in consultation with the state department of health, shall develop and make available to school corporations model policies for the measurement of the body mass index of students or other measurement of fat composition.**

**(b) A student's body mass index may not be included on a student's report card.**

**(c) A student's body mass index shall be disclosed to the student's parent, guardian, or custodian upon request.**

SECTION 4. IC 20-5-2-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2004]: **Sec. 2.5. (a) As used in this section, "healthy food" means the following:**

**(1) A food item that has not more than thirty percent (30%) total calories from fat, excluding nuts and seeds.**

**(2) A food item that has not more that ten percent (10%) total calories from saturated fats.**

**(3) A food item that provides at least ten percent (10%) of the United States Food and Drug Administration's recommended daily value for one (1) of the following nutrients:**

**(A) Vitamin A.**

**(B) Vitamin C.**

**(C) Calcium.**

**(D) Iron.**

**(E) Protein.**

**(F) Fiber.**

**(b) As used in this section, "healthy beverage" means the following:**

**(1) Water.**

**(2) Milk.**

**(3) Fruit drinks with at least fifty percent (50%) fruit juice.**

**(4) Vegetable drinks.**

**(c) After June 30, 2004, a vending machine that is located in an area of an elementary school's grounds or buildings may not be accessible to a student.**

**(d) This subsection does not apply to the following:**

**(1) Foods and beverages that are part of the United States Department of Agriculture's breakfast and lunch programs.**

**(2) Foods and beverages that are sold in areas of the school that are not accessible to students.**

**(3) Foods and beverages that are sold after normal school hours.**

**After June 30, 2004, at least fifty percent (50%) of the foods and beverages sold in a middle school and high school that are available from each school group, organization, or department must qualify as a healthy food or a healthy beverage.**

SECTION 5. IC 20-5-13-10 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 10. (a) Each school board shall adopt a nutritional integrity policy that includes the following:**

**(1) A nutrition education curriculum consistent with curriculum and programs developed under IC 20-1-1.1-7.**

**(2) The incorporation of healthy dietary practices into the school corporation's meal program and the sale of other foods in the school.**

**Before adopting a policy, the school board must provide an opportunity for parents and community members to comment on the policy.**

**(b) The following apply to a nutritional integrity policy adopted under subsection (a):**

**(1) The policy must focus on helping students:**

**(A) control excessive weight and weight gain;**

**(B) avoid unsafe weight loss practices;**

**(C) develop healthy eating habits; and**

**(D) avoid diseases caused by unsafe dietary habits.**

**(2) The policy may address the different health needs and peer influences of students in elementary school, middle school, and high school.**

**(c) If foods that are not a part of the school corporation's meal program are sold in a school, the nutritional integrity policy adopted under subsection (a) must include the following:**

**(1) At least fifty percent (50%) of the foods available must qualify as healthy foods under the standards set in the nutritional integrity policy and guidelines established by the United States Department of Agriculture.**

**(2) Foods that do not qualify as healthy may be available for sale only at times and in locations that do not interfere with the service of meals.**

**(3) Prices set for foods that qualify as healthy and foods that do not qualify as healthy must be competitive.**

**(d) A school board:**

**(1) shall review; and**

**(2) may revise;**

**a nutritional integrity policy adopted under subsection (a) at least every other school year.**

SECTION 6. IC 20-10.1-4-5.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 5.5. (a) This section does not apply to:**

**(1) students who are in half-day kindergarten; or**

**(2) a student who has a medical condition that precludes participation in the daily physical activity provided under this section.**

**(b) Beginning in the 2004-2005 school year, the governing body of each school corporation shall provide at least thirty (30) minutes of daily physical activity for students in elementary school. The physical activity must be consistent with the curriculum and programs developed under IC 20-1-1.1-7 and may include the use of recess. Available physical activity alternatives must be used on days of inclement weather conditions.**

SECTION 7. [EFFECTIVE APRIL 1, 2004] **IC 20-5-2-2.5, as added by this act, does not apply to a contract that:**

**(1) was executed before April 1, 2004;**

**(2) is in existence on April 1, 2004; and**

**(3) requires a governing body to allow the sale of:**

**(A) soft drinks and similar beverages; and**

**(B) food;**

**with no or low nutritional value, as defined by the United States Department of Agriculture, from vending machines or other dispensing units during school hours.**

**However, the governing body may not renew a contract described in this SECTION and, after the contract expires, must comply with IC 20-5-2-2.5, as added by this act.**

SECTION 8. **An emergency is declared for this act.**

(Reference is to SB 29 as printed January 30, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 9, nays 3.

C. BROWN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Courts and Criminal Code, to which was referred Engrossed Senate Bill 34, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 9, delete "knowingly or intentionally:" and insert "**checks an item for carriage on a commercial passenger airline and who:**".

Page 1, line 10, delete "checks an item for carriage by a commercial passenger" and insert "**knows the item contains a dangerous device; and**".

Page 1, delete line 11.

Page 1, line 12, delete "does not" and insert "**knowingly or intentionally fails to**".

Page 1, line 12, after "disclose" insert "**orally or**".

(Reference is to SB 34 as printed January 9, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 13, nays 0.

DVORAK, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Environmental Affairs, to which was referred Engrossed Senate Bill 35, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 5, delete "ozone nonattainment area" and insert "**area classified as nonattainment or maintenance for the one (1) hour ozone standard**".

Page 1, line 6, delete "(as defined in 326 IAC 1-2-46)".

Page 1, line 10, delete "burning begins:" and insert "**burning:**".

Page 1, line 11, after "(A)" insert "**begins**".

Page 1, line 12, after "(B)" insert "**ends**".

(Reference is to SB 35 as reprinted January 23, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 7, nays 5.

BOTTORFF, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred Engrossed Senate Bill 36, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 9, nays 0.

PELATH, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Elections and Apportionment, to which was referred Engrossed Senate Bill 37, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 11, nays 0.

MAHERN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred Engrossed Senate Bill 39, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 10, nays 0.

MOSES, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Judiciary, to which was referred Engrossed Senate Bill 46, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 5, line 12, delete "prepare, present" and insert "**mediate, resolve**".

Page 7, line 14, delete "31-9-2-133.5" and insert "31-9-2-88.5".

Page 7, line 16, delete "133.5." and insert "**88.5.**".

Page 16, delete lines 16 through 25.

Renumber all SECTIONS consecutively.

(Reference is to SB 46 as printed January 9, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 12, nays 0.

L. LAWSON, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Labor and Employment, to which was referred Engrossed Senate Bill 60, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 12, nays 0.

LIGGETT, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred Engrossed Senate Bill 69, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 9, nays 0.

MOSES, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Engrossed Senate Bill 70, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 23, nays 0.

CRAWFORD, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Elections and Apportionment, to which was referred Engrossed Senate Bill 71, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 4, line 5, strike "and judges".

Page 4, line 24, delete "after the individual completes emergency" and insert "**if the county election board determines that there is insufficient time to conduct the training required by this section.**".

Page 4, delete lines 25 through 27.

Page 15, between lines 39 and 40, begin a new line block indented and insert:

"**(13) Either of the following who have been issued credentials signed by the members of the county election board:**

**(A) The county chairman of a political party.**

**(B) The county vice chairman of a political party.**".

Page 18, delete lines 22 through 42.

Page 19, delete lines 1 through 6.

Page 23, line 17, delete "If" and insert "**The following apply** if".

Page 23, line 18, delete "question, the" and insert "question:

**(A)** The".

Page 23, line 20, delete "," and insert ".".

Page 23, line 20, strike "and".

Page 23, line 20, after "and" begin a new line double block indented and insert:

"**(B) If the referendum is held at a primary or general election, another referendum under this subsection may not be held before the earlier of:**

**(i) the next primary election or general election that occurs at least eleven (11) months after the date of the referendum; or**

**(ii) one (1) year after the date of the referendum.**

**(C) If the referendum is held at a special election,**".

Renumber all SECTIONS consecutively.

(Reference is to SB 71 as printed January 9, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 10, nays 0.

MAHERN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Judiciary, to which was referred Engrossed Senate Bill 74, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Replace the effective date in SECTION 1 with "[EFFECTIVE UPON PASSAGE]".

Page 2, after line 34, begin a new paragraph and insert:

"SECTION 2. **An emergency is declared for this act.**".

(Reference is to SB 74 as printed January 23, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 11, nays 0.

L. LAWSON, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Appointments and Claims, to which was referred Engrossed Senate Bill 93, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 7, nays 3.

HARRIS, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred Engrossed Senate Bill 104, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 1 through 17.

Page 2, delete lines 1 through 16, begin a new paragraph and insert:

"SECTION 1. IC 20-1-1.1-5, AS AMENDED BY P.L.48-1999, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5. **(a)** The department shall:

(1) perform the duties required by statute;

(2) implement the policies and procedures established by the board;

(3) conduct analytical research to assist the state board of education in determining the state's educational policy;

(4) compile statistics concerning the ethnicity and gender of students in Indiana schools, including statistics for all information that the department receives from school corporations on enrollment, number of suspensions, and number of expulsions; and

(5) provide technical assistance to school corporations.

**(b) The department, in compiling statistics under subsection (a)(4), must categorize suspensions and expulsions by cause as follows:**

**(1) Physical aggression.**

**(2) Verbal aggression or profanity.**

**(3) Disruptive behavior.**

**(4) Defiance.**

**(5) Attendance.**

**(6) Destruction of property.**

**(7) Alcohol, drugs, and tobacco.**

**(8) Weapons.**

**(9) Other.**

**(c) The department shall develop guidelines necessary to implement this section.**".

(Reference is to SB 104 as reprinted February 3, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 13, nays 0.

PORTER, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred Engrossed Senate Bill 111, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 5, line 7, after "provider" insert "**or pharmaceutical manufacturer**".

(Reference is to SB 111 as printed January 30, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 12, nays 0.

C. BROWN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred Engrossed Senate Bill 113, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 12, nays 0.

C. BROWN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Judiciary, to which was referred Engrossed Senate Bill 115, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 1 through 17.

Page 2, delete lines 1 through 33.

Page 6, delete lines 24 through 25.

Page 6, line 26, delete "13." and insert "**12.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 115 as printed January 30, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 11, nays 0.

L. LAWSON, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Environmental Affairs, to which was referred Engrossed Senate Bill 144, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 13-11-2-66.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 66.3. "Emission reduction credit", for purposes of IC 13-17-15, means a reduction in quantity of a regulated air pollutant discharged by a permitted source:**

**(1) that exceeds the reduction required under local, state, or federal:**

**(A) law;**

**(B) regulation;**

**(C) order;**

**(D) permit; or**

**(E) other requirement;**

**(2) that is an actual emission reduction assured for the life of the emission reduction credit through any enforceable mechanism allowed under rules of the board;**

**(3) for which the amount, rate, and characteristics can be estimated through a method approved by the department;**

**(4) that is in excess of reductions used by the department:**

**(A) in issuing any other permit; or**

**(B) to demonstrate:**

**(i) attainment; or**

**(ii) reasonable progress toward attainment;**

**of federal ambient air quality standards; and**

**(5) that has not previously been used to avoid new source review requirements of the federal Clean Air Act under 42 U.S.C. 7470 et seq. (Part C) or 42 U.S.C. 7501 et seq. (Part D) through a netting demonstration.**".

Page 1, between lines 7 and 8, begin a new paragraph and insert:

"SECTION 3. IC 13-17-15 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:

**Chapter 15. Emission Reduction Credit Registry**

**Sec. 1. The emission reduction credit registry is established. The department shall maintain the registry for each source in Indiana that chooses to apply to the registry for any regulated air pollutant that meets the requirements of an emission reduction credit.**

**Sec. 2. The emission reduction credit registry must include at least the following information with respect to each permitted source for which an entry is made under section 3 of this chapter:**

**(1) The amount of each emission reduction credit.**

**(2) Identification of the regulated air pollutant reduced.**

**(3) The date the emission reduction occurred.**

**(4) The location of the source.**

**(5) Identification of the process or facility associated with the reduction.**

**(6) The date, amount, and purpose of each withdrawal of an emission reduction credit from the registry under section 5 of this chapter.**

**Sec. 3. A permitted source may apply to the department to have an emission reduction credit approved by the department for entry in the emission reduction credit registry. The application must indicate how the permitted source achieved the emission reduction. The department shall:**

**(1) review each application made under this section and determine whether the application identifies an emission reduction credit of the applicant;**

**(2) enter in the registry each emission reduction credit determined under subdivision (1); and**

**(3) notify the permitted source in writing of the department's action under this section.**

**Sec. 4. An emission reduction credit may be used for any purpose allowed under:**

**(1) federal law;**

**(2) federal regulations;**

**(3) state law; or**

**(4) rules adopted by the board.**

**Sec. 5. A permitted source with emission reduction credits in the emission reduction credit registry shall notify the department in writing each time the source:**

**(1) permanently withdraws an emission reduction credit from the list of emission reduction credits held by the source; or**

**(2) transfers an emission reduction credit to another entity.**

**Sec. 6. The department shall:**

**(1) verify the withdrawal or transfer of emission reduction credits under section 5 of this chapter;**

**(2) update the emission reduction credit registry to reflect the withdrawal or transfer; and**

**(3) notify the permitted source in writing of the updated information in the registry.**

**Sec. 7. The commissioner may revoke or suspend emission reduction credits for cause, including any of the following:**

**(1) Evidence of noncompliance with permit conditions imposed to make the emission reductions permanent and enforceable.**

**(2) Failure to achieve in practice the emission reductions on which the emission reduction credits are based.**

**(3) Misrepresentations made in:**

**(A) the application submitted under section 3 of this chapter;**

**(B) any other application on which the emission reduction credit is based;**

**(C) any subsequent reports or data that support an application referred to in clause (A) or (B); or**

**(D) a notice to the department under section 5 of this chapter.**

**Sec. 8. The department shall develop:**

**(1) forms and instructions for filing:**

**(A) an application under section 3 of this chapter; or**

**(B) a notice to the department under section 5 of this chapter; and**

**(2) guidance for using or retiring an emission reduction credit.**

**Sec. 9. The board may adopt rules under IC 4-22-2 to implement this chapter.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 144 as printed January 27, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 12, nays 0.

BOTTORFF, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Financial Institutions, to which was referred Engrossed Senate Bill 149, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 14, nays 0.

BARDON, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred Engrossed Senate Bill 151, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, between lines 23 and 24, begin a new paragraph and insert:

"SECTION 2. IC 36-4-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) Municipalities are classified according to their status and population as follows:

| STATUS AND POPULATION | CLASS |
|---|---|
| Cities of ~~250,000~~ **500,000** or more | First class cities |
| Cities of 35,000 to ~~249,999~~ **499,999** | Second class cities |
| Cities of less than 35,000 | Third class cities |
| Other municipalities of any population | Towns |

(b) Except as provided in subsection (c), a city that attains a population of thirty-five thousand (35,000) remains a second class city even though its population decreases to less than thirty-five thousand (35,000) at the next federal decennial census.

(c) The legislative body of a city to which subsection (b) applies may, by ordinance, adopt third class city status.".

Renumber all SECTIONS consecutively.

(Reference is to SB 151 as printed January 30, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 11, nays 0.

MOSES, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Environmental Affairs, to which was referred Engrossed Senate Bill 152, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between lines 11 and 12, begin a new paragraph and insert:

"SECTION 2. IC 13-17-5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 6. (a) A rule adopted by the board under air pollution control laws that:

(1) requires periodic motor vehicle emissions tests; and

(2) makes new vehicles exempt from the emissions tests for a time;

may not require that new vehicles be presented at an official vehicle inspection station for the purpose of obtaining a certificate of compliance.

(b) A rule adopted by the board under air pollution control laws that:

(1) requires periodic motor vehicle emissions tests; and

(2) makes certain vehicles exempt from the emissions test due to the length of time since the vehicles were manufactured;

may not require that those vehicles be presented at an official vehicle inspection station for the purpose of obtaining a certificate of compliance.

**(c) A rule adopted by the board under air pollution control laws that requires periodic motor vehicle emissions tests may not require a motor vehicle to be tested to demonstrate initial compliance with air emission control standards until six (6) calendar years after the model year of the vehicle.**".

(Reference is to SB 152 as printed January 14, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 11, nays 1.

BOTTORFF, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred Engrossed Senate Bill 160, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-20.5-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. The state land office ~~division~~ is established within the ~~department.~~ **office of geographic information established by IC 5-28-3-1.**

SECTION 2. IC 4-20.5-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. The ~~commissioner~~ **executive director of the office of geographic information** shall provide for the organization and management of the land office.

SECTION 3. IC 4-20.5-2-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5. (a) Subject to IC 5-14-3 **and IC 5-28,** the land office shall provide copies of records maintained by the land office.

(b) The ~~commissioner~~ **executive director** shall establish a reasonable copying charge for copies of records that are not standard sized documents (as defined by IC 5-14-3-2) provided by the land office.".

Page 1, delete line 13, begin a new paragraph and insert:

"**Sec. 4. "Eligible entity" refers to any of the following:**

**(1) A state agency.**

**(2) A political subdivision (as defined in IC 36-1-2-13).**

**Sec. 5. "Executive director" refers to the executive director of the office of geographic information.**

**Sec. 6. "Fund" refers to the GIS development and maintenance fund established by IC 5-28-5-1.**

**Sec. 7. "GIS" refers to geographic information systems.**

**Sec. 8. "Office" refers to the office of geographic information established by IC 5-28-3-1.**

**Sec. 9. "Political subdivision" has the meaning set forth in IC 36-1-2-13.**

**Sec. 10. "State agency" has the meaning set forth in IC 4-13-1-1.**

**Sec. 11. "State educational institution" has the meaning set forth in IC 20-12-0.5-1.**".

Page 2, delete lines 1 through 2, begin a new line block indented and insert:

"**(1) The executive director.**".

Page 2, delete line 12.

Page 2, line 13, delete "(7)" and insert "**(6)**".

Page 2, line 15, delete "(8)" and insert "**(7)**".

Page 2, line 17, delete "(9)" and insert "**(8)**".

Page 2, line 19, delete "(10)" and insert "**(9)**".

Page 2, line 21, delete "(11)" and insert "**(10)**".

Page 2, line 23, delete "(12)" and insert "**(11)**".

Page 2, line 25, delete "(13)" and insert "**(12)**".

Page 2, line 27, delete "(14)" and insert "**(13)**".

Page 2, line 29, delete "(15)" and insert "**(14)**".

Page 2, line 31, delete "(16)" and insert "**(15)**".

Page 2, line 33, delete "(17)" and insert "**(16)**".

Page 2, line 35, delete "(18)" and insert "**(17)**".

Page 2, line 37, delete "(19)" and insert "**(18)**".

Page 2, line 38, delete "lieutenant governor or the lieutenant governor's" and insert "**executive director**".

Page 2, line 39, delete "designee".

Page 2, line 40, delete "lieutenant" and insert "**executive director,**".

Page 2, line 41, delete "governor or the lieutenant governor's designee,".

Page 3, delete lines 20 through 42, begin a new paragraph and

insert:

"**Sec. 8. The council shall do the following:**

**(1) Establish GIS standards. Standards established by the council are subject to the approval of the executive director.**

**(2) Award grants under IC 5-28-4 from the fund.**

**(3) Determine the specifications and standards for and acquire statewide base maps.**

**Sec. 9. The council's expenses shall be paid from the fund.**

**Chapter 3. Office of Geographic Information**

**Sec. 1. The office of geographic information is established.**

**Sec. 2. The office includes the state land office established by IC 4-20.5-2-1.**

**Sec. 3. (a) The governor shall appoint an executive director for the office.**

**(b) The executive director serves at the pleasure of the governor.**

**(c) The executive director serves as the chief executive officer of the council and the office.**

**(d) The executive director shall coordinate all GIS and mapping issues for state agencies or a state agency's GIS. A state agency shall comply with the standards established by the council and approved by the executive director under IC 5-28-2-8(1).**

**(e) The executive director is responsible for the establishment and administration of a GIS for the state of Indiana.**

**(f) The executive director shall establish criteria for determining:**

**(1) what state GIS data are secure; and**

**(2) to whom secure state GIS data may be disclosed.**

**(g) The executive director shall provide for archiving of data.**

**Sec. 4. The office shall provide staff and other administrative support for the council.**

**Sec. 5. The office shall do the following:**

**(1) Provide for the cataloging and distribution of geographic information system spatial data and information from federal, state, and local sources through the Internet. The office shall publish to the general public only that GIS data that is determined to be not secure.**

**(2) Coordinate the acquisition of new data for the Indiana Geographic Information System.**

**(3) Administer grants awarded under IC 5-28-4.**

**Sec. 6. The center may do the following as provided in agreements between the center and the office:**

**(1) Assist in the strategic planning, development, and implementation of statewide mapping guidelines and standards.**

**(2) Conduct research and provide education support relating to improvement of geographic information technologies.**

**(3) Provide advisory, training, and technical services in the field of geographic information science.**

**Chapter 4. GIS Development and Maintenance Programs**

**Sec. 1. The council may award grants to an eligible entity for development or maintenance of a GIS project by the eligible entity.**

**Sec. 2. A grant under this chapter must require the eligible entity to do the following:**

**(1) Comply with the GIS standards established by the council under IC 5-28-2-8(1).**

**(2) Share GIS data with the office.**

**(3) Comply with any other conditions the council considers advisable.**

**Sec. 3. Not less than seventy-five percent (75%) of the dollar value of grants awarded under this chapter must be awarded to political subdivisions.**

**Sec. 4. Except as provided in this article, a state educational institution may not provide GIS related services for compensation to a state agency, a political subdivision, or to a person in the private sector.**

**Sec. 5. Data acquired by the state from a political subdivision may not be sold or distributed without the consent of the political subdivision.**

**Chapter 5. GIS Development and Maintenance Fund**

**Sec. 1. The GIS development and maintenance fund is established for the following purposes:**

**(1) Funding grants under IC 5-28-4.**

**(2) Administering this article.**

**Sec. 2. The fund consists of appropriations made by the general assembly.**

**Sec. 3. Money in the fund is appropriated for the purposes described in section 1 of this chapter.**

**Sec. 4. The office shall administer the fund.**

**Sec. 5. The expenses of administering the fund shall be paid from money in the fund.**

**Sec. 6. The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.**

**Sec. 7. Money in the fund at the end of a state fiscal year does not revert to the state general fund.**".

Page 4, delete lines 1 through 8, begin a new paragraph and insert:

"SECTION 5. [EFFECTIVE JUNE 30, 2004] **(a) As used in this SECTION, "land office" refers to the state land office division of the Indiana department of administration established by IC 4-20.5-2-1, before its amendment by this act.**

**(b) As used in this SECTION, "office" refers to the office of geographic information established by IC 5-28-2-1, as added by this act.**

**(c) On July 1, 2004:**

**(1) all powers, duties, and functions adhering to the land office are transferred to the state land office within the office; and**

**(2) the appropriations, property, and records of the land office are transferred to the office.**

**(d) This SECTION expires July 2, 2004.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 160 as printed January 14, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 9, nays 0.

PELATH, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Engrossed Senate Bill 166, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 23, nays 0.

CRAWFORD, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Elections and Apportionment, to which was referred Engrossed Senate Bill 176, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 9, nays 1.

MAHERN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Judiciary, to which was referred Engrossed Senate Bill 179, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 9, nays 0.

L. LAWSON, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred Engrossed Senate Bill 189, has had the same under consideration and begs leave to report the same back

to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning environmental law.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 13-22-3-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. **(a)** In addition to any other requirements, a permit may not be issued under this chapter for the construction or operation of a hazardous waste facility to be used for the destruction or treatment of a chemical munition unless the person applying for the permit has demonstrated all of the following:

(1) That the destruction or treatment technology to be used at the proposed hazardous waste facility has been in operation:

(A) at a facility comparable to the proposed hazardous waste facility; and

(B) for a time sufficient to demonstrate **either:**

**(i)** that ninety-nine and nine thousand nine hundred ninety-nine ten thousandths percent (99.9999%) of the chemical munition processed at the comparable facility has been destroyed or treated; **or**

**(ii) that the chemical munition processed at the comparable facility has been destroyed or treated to the extent equivalent to or better than that described in item (i) as measured by a scientifically valid methodology accepted by the commissioner.**

(2) That monitoring data from a comparable hazardous waste facility demonstrates that there are no emissions from the comparable facility that alone or in combination with another substance present a risk of any of the following:

(A) An acute or a chronic human health effect.

(B) An adverse environmental effect.

(3) That a plan to:

(A) provide sufficient training, coordination, and equipment for state and local emergency response personnel needed to respond to possible releases of harmful substances from the proposed hazardous waste facility; and

(B) evacuate persons in the geographic area at risk from the worst possible release of:

(i) the chemical munition; or

(ii) a substance related to the destruction or treatment of the chemical munition;

from the proposed hazardous waste facility;

has been funded and developed.

**(b) If the department issues a permit for a facility under this section, the department shall implement an inspection protocol for the facility to ensure that the requirements of IC 13 applicable to the facility are met.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 189 as printed January 23, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 8, nays 0.

PELATH, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred Engrossed Senate Bill 191, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, delete lines 31 through 42.

Page 3, delete lines 1 through 3.

Page 3, after line 8, begin a new paragraph and insert:

"SECTION 2. IC 20-8.1-15-11, IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 11. If a student has left the school, the student is not included in clauses (A) through (I) of STEP FIVE of the formula established in section 10 of this chapter, and the location of the student is unknown to the school, the principal shall send a certified letter to the last known address of the student, inquiring about the student's whereabouts and status. If the certified letter fails to locate the student or if no response is received, the principal may submit the student's information, including last known address, parent or guardian name, student testing number, and other pertinent data, to the state attendance officer. The state attendance officer, using all available state data and any other means available, shall attempt to locate the student and report the student's location and school enrollment status to the principal so that the principal can appropriately send student records to the new school or otherwise document the student's status.**".

(Reference is to SB 191 as reprinted January 16, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 11, nays 0.

PORTER, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Judiciary, to which was referred Engrossed Senate Bill 194, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 12-7-2-28, AS AMENDED BY P.L.34-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 28. "Child" means the following:

(1) For purposes of IC 12-13-15, the meaning set forth in IC 12-13-15-1.

(2) **For purposes of IC 12-13-15.1, the meaning set forth in IC 12-13-15.1-1.**

**(3)** For purposes of IC 12-17.2 and IC 12-17.4, an individual who is less than eighteen (18) years of age.

~~(3)~~ **(4)** For purposes of IC 12-26, the meaning set forth in IC 31-9-2-13(d).

SECTION 2. IC 12-7-2-76.7, AS ADDED BY P.L.34-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 76.7. **(a)** "Emergency medical services", for purposes of IC 12-13-15, has the meaning set forth in IC 12-13-15-2.

**(b) "Emergency medical services", for purposes of IC 12-13-15.1, has the meaning set forth in IC 12-13-15.1-2.**

SECTION 3. IC 12-7-2-124.5, AS ADDED BY P.L.34-2001, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 124.5. **(a)** "Local child fatality review team", for purposes of IC 12-13-15, has the meaning set forth in IC 12-13-15-3.

**(b) "Local child fatality review team", for purposes of IC 12-13-15.1, has the meaning set forth in IC 12-13-15.1-3.**

SECTION 4. IC 12-7-2-129.5, AS ADDED BY P.L.34-2001, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 129.5. **(a)** "Mental health provider", for purposes of IC 12-13-15, has the meaning set forth in IC 12-13-15-4.

**(b) "Mental health provider", for purposes of IC 12-13-15.1, has the meaning set forth in IC 12-13-15.1-4.**

SECTION 5. IC 12-7-2-186.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 186.5. "Statewide child fatality review committee", for purposes of IC 12-13-15.1, has the meaning set forth in IC 12-13-15.1-5.**

SECTION 6. IC 12-13-15-6.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 6.5. A local child fatality review team may request that the statewide child fatality review committee make a fatality review of a child from the area served by the local child fatality review team if a majority of the members of a local child fatality review team vote to make the request.**

SECTION 7. IC 12-13-15.1 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:

**Chapter 15.1. Statewide Child Fatality Review Committee**

**Sec. 1. As used in this chapter, "child" means an individual less than eighteen (18) years of age.**

**Sec. 2. As used in this chapter, "emergency medical services" means emergency ambulance services or other services, including extrication and rescue services, provided to an individual in need of immediate medical care in order to prevent loss of life or aggravation of physiological or psychological illness or injury.**

**Sec. 3. As used in this chapter, "local child fatality review team" refers to a county or regional child fatality review team established under IC 12-13-15.**

**Sec. 4. As used in this chapter, "mental health provider" means any of the following:**

**(1) A registered nurse or licensed practical nurse licensed under IC 25-23.**

**(2) A clinical social worker licensed under IC 25-23.6-5.**

**(3) A marriage and family therapist licensed under IC 25-23.6-8.**

**(4) A psychologist licensed under IC 25-33.**

**(5) A school psychologist licensed by the Indiana state board of education.**

**Sec. 5. As used in this chapter, "statewide child fatality review committee" refers to the statewide child fatality review committee established by section 6 of this chapter.**

**Sec. 6. (a) The statewide child fatality review committee is established for the purpose of reviewing a child's death that is:**

**(1) sudden;**

**(2) unexpected; or**

**(3) unexplained;**

**if the county where the child died does not have a local child fatality review team or if the local child fatality review team requests a review of the child's death by the statewide committee.**

**(b) The statewide child fatality review committee may also review the death of a child or a near fatality of a child upon request by an individual.**

**(c) A request submitted under subsection (b) must set forth:**

**(1) the name of the child;**

**(2) the age of the child;**

**(3) the county where the child died or where the near fatality occurred;**

**(4) whether a local child fatality review team reviewed the death; and**

**(5) the cause of death of the deceased child or a description of the near fatality of the child.**

**Sec. 7. A child fatality review conducted by the statewide child fatality review committee under this chapter shall consist of determining:**

**(1) whether similar future deaths could be prevented; and**

**(2) agencies or resources that should be involved to adequately prevent future deaths of children.**

**Sec. 8. The statewide child fatality review committee consists of the following members appointed by the governor:**

**(1) a coroner or deputy coroner;**

**(2) a representative from:**

**(A) the state department of health established by IC 16-19-1-1;**

**(B) a local health department established under IC 16-20-2; or**

**(C) a multiple county health department established under IC 16-20-3;**

**(3) a pediatrician;**

**(4) a representative of law enforcement;**

**(5) a representative from an emergency medical services provider;**

**(6) a director of an office of family and children;**

**(7) a representative of a prosecuting attorney;**

**(8) a pathologist with forensic experience who is licensed to practice medicine in Indiana;**

**(9) a mental health provider;**

**(10) a representative of a child abuse prevention program;**

**(11) a representative of a child advocacy program; and**

**(12) a representative of the department of education.**

**Sec. 9. (a) The chairperson of the statewide child fatality review committee shall be selected by the governor.**

**(b) The statewide child fatality review committee shall meet at the call of the chairperson.**

**(c) The statewide child fatality review committee chairperson shall determine the agenda for each meeting.**

**Sec. 10. (a) Except as provided in subsection (b), meetings of the statewide child fatality review committee are open to the public.**

**(b) Except as provided in subsection (d), a meeting of the statewide child fatality review committee that involves:**

**(1) confidential records; or**

**(2) identifying information regarding the death of a child that is confidential under state or federal law;**

**shall be held as an executive session.**

**(c) If a meeting is held as an executive session under subsection (b), each individual who:**

**(1) attends the meeting; and**

**(2) is not a member of the statewide child fatality review committee;**

**shall sign a confidentiality statement prepared by the division. The statewide child fatality review committee shall keep all confidentiality statements signed under this subsection.**

**(d) A majority of the members of the statewide child fatality review committee may vote to disclose any report or part of a report regarding a fatality review to the public if the information is in the general public interest as determined by the statewide child fatality review committee.**

**Sec. 11. Members of the statewide child fatality review committee and individuals who attend a meeting of the statewide child fatality review team as an invitee of the chairperson:**

**(1) may discuss among themselves confidential matters that are before the statewide child fatality review committee;**

**(2) are bound by all applicable laws regarding the confidentiality of matters reviewed by the statewide child fatality review committee; and**

**(3) except when acting:**

**(A) with malice;**

**(B) in bad faith; or**

**(C) with negligence;**

**are immune from any civil or criminal liability that might otherwise be imposed as a result of communicating among themselves about confidential matters that are before the statewide child fatality review committee.**

**Sec. 12. The division shall provide training to the statewide child fatality review committee.**

**Sec. 13. (a) The division shall collect and document information surrounding the deaths of children reviewed by the statewide child fatality review committee. The division shall develop a data collection form that includes:**

**(1) identifying and nonidentifying information;**

**(2) information regarding the circumstances surrounding a death;**

**(3) factors contributing to a death; and**

**(4) findings and recommendations.**

**(b) The data collection form developed under this section must also be provided to:**

**(1) the appropriate community child protection team; and**

**(2) the appropriate:**

**(A) local health department established under IC 16-20-2; or**

**(B) multiple county health department established under IC 16-20-3.**

**Sec. 14. The affirmative votes of the voting members of a majority of the statewide child fatality review committee are required for the committee to take action on any measure.**

**Sec. 15. The expenses of the statewide child fatality review committee shall be paid from funds appropriated to the division.**

**Sec. 16. The testimony of a member of the statewide child fatality review committee is not admissible as evidence concerning an investigation by the statewide child fatality review committee.**

SECTION 8. IC 31-33-18-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. **(a) Except as provided in subsection (b),** the following are confidential:

(1) Reports made under this article (or IC 31-6-11 before its

repeal).

(2) Any other information obtained, reports written, or photographs taken concerning the reports in the possession of:

(A) the division of family and children;

(B) the county office of family and children; or

(C) the local child protection service.

**(b) All records held by:**

**(1) the division of family and children;**

**(2) a county office of family and children;**

**(3) a local child protection service;**

**(4) a local child fatality review team established under IC 12-13-15; or**

**(5) the statewide child fatality review committee established under IC 12-13-15.1-6;**

**regarding the death of a child determined to be a result of abuse, abandonment, or neglect are not confidential and shall be disclosed to any person who requests the information. Information identifying the person reporting the abuse, abandonment, or neglect shall not be released. Any information in a record that is otherwise confidential under state or federal law shall not be released.**

SECTION 9. IC 31-33-18-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. The reports and other material described in section **+ 1(a)** of this chapter shall be made available only to the following:

(1) Persons authorized by this article.

(2) A legally mandated public or private child protective agency investigating a report of child abuse or neglect or treating a child or family that is the subject of a report or record.

(3) A police or other law enforcement agency, prosecuting attorney, or coroner in the case of the death of a child who is investigating a report of a child who may be a victim of child abuse or neglect.

(4) A physician who has before the physician a child whom the physician reasonably suspects may be a victim of child abuse or neglect.

(5) An individual legally authorized to place a child in protective custody if:

(A) the individual has before the individual a child whom the individual reasonably suspects may be a victim of abuse or neglect; and

(B) the individual requires the information in the report or record to determine whether to place the child in protective custody.

(6) An agency having the legal responsibility or authorization to care for, treat, or supervise a child who is the subject of a report or record or a parent, guardian, custodian, or other person who is responsible for the child's welfare.

(7) An individual named in the report or record who is alleged to be abused or neglected or, if the individual named in the report is a child or is otherwise incompetent, the individual's guardian ad litem or the individual's court appointed special advocate, or both.

(8) Each parent, guardian, custodian, or other person responsible for the welfare of a child named in a report or record and an attorney of the person described under this subdivision, with protection for the identity of reporters and other appropriate individuals.

(9) A court, upon the court's finding that access to the records may be necessary for determination of an issue before the court. However, access is limited to in camera inspection unless the court determines that public disclosure of the information contained in the records is necessary for the resolution of an issue then pending before the court.

(10) A grand jury upon the grand jury's determination that access to the records is necessary in the conduct of the grand jury's official business.

(11) An appropriate state or local official responsible for the child protective service or legislation carrying out the official's official functions.

(12) A foster care review board established by a juvenile court under IC 31-34-21-9 (or IC 31-6-4-19 before its repeal) upon the court's determination that access to the records is necessary to enable the foster care review board to carry out the board's purpose under IC 31-34-21.

(13) The community child protection team appointed under IC 31-33-3 (or IC 31-6-11-14 before its repeal), upon request, to enable the team to carry out the team's purpose under IC 31-33-3.

(14) A person about whom a report has been made, with protection for the identity of:

(A) any person reporting known or suspected child abuse or neglect; and

(B) any other person if the person or agency making the information available finds that disclosure of the information would be likely to endanger the life or safety of the person.

**(15) A local child fatality review team established under IC 12-13-15-5.**

**(16) The statewide child fatality review committee established by IC 12-13-15.1-6.**".

Page 1, line 13, strike "or".

Page 1, line 14, strike "and" and insert "**or**".

Page 1, between lines 14 and 15, begin a new line double block indented and insert:

"**(J) the law of another jurisdiction, including a military court, that is substantially equivalent to any of the offenses listed in clauses (A) through (I); and**".

Page 2, line 14, delete "or".

Page 2, line 15, after "IC 35-46-1-3;" insert "**or**".

Page 2, between lines 15 and 16, begin a new line double block indented and insert:

"**(J) the law of another jurisdiction, including a military court, that is substantially equivalent to any of the offenses listed in clauses (A) through (I);**".

Page 2, line 17, delete "crime" and insert "**offense**".

Page 2, line 18, delete "crime" and insert "**offense**".

Page 3, line 13, delete "A child presumed to be a child in need of services under this" and insert "**This section does not affect the ability to take a child into custody or emergency custody under IC 31-34-2 if the act of taking the child into custody or emergency custody is not based upon a presumption established under this section. However, if the presumption established under this section is the sole basis for taking a child into custody or emergency custody under IC 31-34-2, the court first must find**".

Page 3, delete line 14.

Page 3, line 15, delete "IC 31-34-2 unless the court first finds".

Page 3, delete lines 19 through 22, begin a new paragraph and insert:

"SECTION 12. IC 31-37-19-17.4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 17.4. (a) This section applies if a child is a delinquent child under IC 31-37-1 due to the commission of a delinquent act that, if committed by an adult, would be a sex crime listed in IC 35-38-1-7.1(e).**

**(b) The juvenile court shall, in addition to any other order or decree the court makes under this chapter, order:**

**(1) the child; and**

**(2) the child's parent or guardian;**

**to receive psychological counseling as directed by the court.**

SECTION 13. IC 34-30-2-44.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 44.1. IC 12-13-15.1-11 (Concerning members of the statewide child fatality review committee and persons who attend a meeting of the statewide child fatality review committee as invitees of the chairperson).**".

Renumber all SECTIONS consecutively.

(Reference is to SB 194 as reprinted January 28, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 12, nays 0.

L. LAWSON, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Judiciary, to which was referred Engrossed Senate Bill 201, has had the same under consideration and

begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 12, nays 0.

L. LAWSON, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Policy, Ethics and Veterans Affairs, to which was referred Engrossed Senate Bill 215, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 10, nays 1.

LYTLE, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Judiciary, to which was referred Engrossed Senate Bill 220, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 21, delete "at the time of the disclosure or reporting believes in good" and insert "**makes a good faith effort to comply**".

Page 2, delete line 22.

Page 2, line 28, delete "IC 31-39-2-13.5," and insert "**IC 31-39-2-13.8,**".

Page 2, line 35, delete "IC 31-39-2-13.5" and insert "IC 31-39-2-13.8".

Page 3, line 37, delete "13.5." and insert "**13.8.**".

(Reference is to SB 220 as printed January 30, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 11, nays 0.

L. LAWSON, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Financial Institutions, to which was referred Engrossed Senate Bill 222, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, between lines 19 and 20, begin a new paragraph and insert:

"SECTION 2. IC 24-4.5-1-102, AS AMENDED BY P.L.258-2003, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 102. Purposes; Rules of Construction**)** (1) This article shall be liberally construed and applied to promote its underlying purposes and policies.

(2) The underlying purposes and policies of this article are:

(a) to simplify, clarify, and modernize the law governing retail installment sales, consumer credit, small loans, and usury;

(b) to provide rate ceilings to assure an adequate supply of credit to consumers;

(c) to further consumer understanding of the terms of credit transactions and to foster competition among suppliers of consumer credit so that consumers may obtain credit at reasonable cost;

(d) to protect consumer buyers, lessees, and borrowers against unfair practices by some suppliers of consumer credit, having due regard for the interests of legitimate and scrupulous creditors;

(e) to permit and encourage the development of fair and economically sound consumer credit practices;

(f) to conform the regulation of consumer credit transactions to the policies of the Federal Consumer Credit Protection Act; and

(g) to make uniform the law including administrative rules among the various jurisdictions.

(3) A reference to a requirement imposed by this article includes reference to a related rule of the department adopted pursuant to this article.

(4) A reference to a federal law in IC 24-4.5 is a reference to the law in effect December 31, ~~2002.~~ **2003.**

SECTION 3. IC 28-1-11-3.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3.2. (a) As used in this section, "rights and privileges" means the power:

**(1)** to:

~~(1)~~ **(A)** create;

~~(2)~~ **(B)** deliver;

~~(3)~~ **(C)** acquire; or

~~(4)~~ **(D)** sell;

a product, a service, or an investment that is available to or offered by; **or**

**(2) to engage in other activities authorized for;**

national banks domiciled in Indiana.

(b) A bank that intends to exercise any rights and privileges that are:

(1) granted to national banks; but

(2) not authorized for banks under the Indiana Code (except for this section) or any rule adopted under the Indiana Code;

shall submit a letter to the department describing in detail the requested rights and privileges granted to national banks that the bank intends to exercise. If available, copies of relevant federal law, regulations, and interpretive letters must be attached to the letter submitted by the bank.

(c) The department shall promptly notify the requesting bank of the department's receipt of the letter submitted under subsection (b). Except as provided in subsection (e), the bank may exercise the requested rights and privileges sixty (60) days after the date on which the department receives the letter unless otherwise notified by the department.

(d) The department, through its members, may prohibit the bank from exercising the requested rights and privileges only if the members find that:

(1) national banks domiciled in Indiana do not possess the requested rights and privileges; or

(2) the exercise of the requested rights and privileges by the bank would adversely affect the safety and soundness of the bank.

(e) The sixty (60) day period referred to in subsection (c) may be extended by the department based on a determination that the bank's letter raised issues requiring additional information or additional time for analysis. If the sixty (60) day period is extended under this subsection, the bank may exercise the requested rights and privileges only if the bank receives prior written approval from the department. However:

(1) the members must:

(A) approve or deny the requested rights and privileges; or

(B) convene a hearing;

not later than sixty (60) days after the department receives the bank's letter; and

(2) if a hearing is convened, the members must approve or deny the requested rights and privileges not later than sixty (60) days after the hearing is concluded.

(f) The exercise of rights and privileges by a bank in compliance with and in the manner authorized by this section is not a violation of any provision of the Indiana Code or rules adopted under IC 4-22-2.

(g) Whenever, in compliance with this section, a bank exercises rights and privileges granted to national banks domiciled in Indiana, all banks may exercise the same rights and privileges if the department by order determines that the exercise of the rights and privileges by all banks would not adversely affect their safety and soundness.

(h) If the department denies the request of a bank under this section to exercise any rights and privileges that are granted to national banks, the bank may appeal the decision of the department to the circuit court with jurisdiction in the county in which the principal office of the bank is located. In an appeal under this section, the court shall determine the matter de novo.".

Page 2, line 26, after "company," insert "**a subsidiary of a savings bank, a subsidiary of a savings association,**".

Page 5, after line 4, begin a new paragraph and insert:

"SECTION 5. IC 28-7-1-9, AS AMENDED BY P.L.258-2003, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. A credit union has the

following powers:

(1) To issue shares of its capital stock to its members. No commission or compensation shall be paid for securing members or for the sale of shares.

(2) To make loans to members or other credit unions. A loan to another credit union may not exceed twenty percent (20%) of the paid-in capital and surplus of the credit union making the loan.

(3) To make loans to officers, directors, or committee members, but only if:

(A) the loan complies with all requirements under this chapter with respect to loans to other borrowers and is not on terms more favorable than those extended to other borrowers;

(B) upon the making of the loan, the aggregate amount of loans outstanding under this subdivision will not exceed twenty percent (20%) of the unimpaired capital and surplus of the credit union;

(C) the loan is approved by the credit committee or loan officer; and

(D) the borrower takes no part in the consideration of or vote on the application.

(4) To invest in any of the following:

(A) Bonds, notes, or certificates that are the direct or indirect obligations of the United States, or of the state, or the direct obligations of a county, township, city, town, or other taxing district or municipality or instrumentality of Indiana and that are not in default.

(B) Bonds or debentures issued by the Federal Home Loan Bank Act (12 U.S.C. 1421 through 1449) or the Home Owners' Loan Act (12 U.S.C. 1461 through 1468).

(C) Interest-bearing obligations of the FSLIC Resolution Fund and obligations of national mortgage associations issued under the authority of the National Housing Act.

(D) Mortgages on real estate situated in Indiana which are fully insured under Title 2 of the National Housing Act (12 U.S.C. 1707 through 1715z).

(E) Obligations issued by farm credit banks and banks for cooperatives under the Farm Credit Act of 1971 (12 U.S.C. 2001 through 2279aa-14).

(F) In savings and loan associations, other credit unions that are insured under IC 28-7-1-31.5 and certificates of indebtedness or investment of an industrial loan and investment company if the association or company is federally insured. Not more than twenty percent (20%) of the assets of a credit union may be invested in the shares or certificates of an association or company; nor more than forty percent (40%) in all such associations and companies.

(G) Corporate credit unions.

(H) Federal funds or similar types of daily funds transactions with other financial institutions.

(I) Mutual funds created and controlled by credit unions, credit union associations, or their subsidiaries. Mutual funds referred to in this clause may invest only in instruments that are approved for credit union purchase under this chapter.

(J) Shares, stocks, or obligations of any credit union service organization (as defined in Section 712 of the Rules and Regulations of the National Credit Union Administration) with the approval of the department. Not more than five percent (5%) of the total paid in and unimpaired capital of the credit union may be invested under this clause.

(5) To deposit its funds into:

(A) depository institutions that are federally insured; or

(B) state chartered credit unions that are privately insured by an insurer approved by the department.

(6) To purchase, hold, own, or convey real estate as may be conveyed to the credit union in satisfaction of debts previously contracted or in exchange for real estate conveyed to the credit union.

(7) To own, hold, or convey real estate as may be purchased by the credit union upon judgment in its favor or decrees of foreclosure upon mortgages.

(8) To issue shares of stock and upon the terms, conditions, limitations, and restrictions and with the relative rights as may be stated in the bylaws of the credit union, but no stock may have preference or priority over the other to share in the assets of the credit union upon liquidation or dissolution or for the payment of dividends except as to the amount of the dividends and the time for the payment of the dividends as provided in the bylaws.

(9) To charge the member's share account for the actual cost of necessary locator service when the member has failed to keep the credit union informed about the member's current address. The charge shall be made only for amounts paid to a person or concern normally engaged in providing such service, and shall be made against the account or accounts of any one (1) member not more than once in any twelve (12) month period.

(10) To transfer to an accounts payable, a dormant account, or a special account share accounts which have been inactive, except for dividend credits, for a period of two (2) years. The credit union shall not consider the payment of dividends on the transferred account.

(11) To invest in fixed assets with the funds of the credit union. An investment in fixed assets in excess of five percent (5%) of its assets is subject to the approval of the department.

(12) To establish branch offices, upon approval of the department, provided that all books of account shall be maintained at the principal office.

(13) To pay an interest refund on loans proportionate to the interest paid during the dividend period by borrowers who are members at the end of the dividend period.

(14) To purchase life savings and loan protection insurance for the benefit of the credit union and its members, if:

(A) the coverage is placed with an insurance company licensed to do business in Indiana; and

(B) no officer, director, or employee of the credit union personally benefits, directly or indirectly, from the sale or purchase of the coverage.

(15) To sell and cash negotiable checks, travelers checks, and money orders for members.

(16) To purchase members' notes from any liquidating credit union, with written approval from the department, at prices agreed upon by the boards of directors of both the liquidating and the purchasing credit unions. However, the aggregate of the unpaid balances of all notes of liquidating credit unions purchased by any one (1) credit union shall not exceed ten percent (10%) of its unimpaired capital and surplus unless special written authorization has been granted by the department.

(17) To exercise such incidental powers necessary or requisite to enable it to carry on effectively the business for which it is incorporated.

(18) To act as a custodian or trustee of any trust created or organized in the United States and forming part of a stock bonus, pension, or profit sharing plan which qualifies or qualified for specific tax treatment under Section 408(a) or Section 401(d) of the Internal Revenue Code, if the funds of the trust are invested only in share accounts or insured certificates of the credit union.

(19) To issue shares of its capital stock or insured certificates to a trustee or custodian of a pension plan, profit sharing plan, or stock bonus plan which qualifies for specific tax treatment under Sections 401(d) or 408(a) of the Internal Revenue Code.

(20) A credit union may exercise any rights and privileges that are:

(A) granted to federal credit unions; but

(B) not authorized for credit unions under the Indiana Code (except for this section) or any rule adopted under the Indiana Code;

if the credit union complies with section 9.2 of this chapter.

(21) To sell, pledge, or discount any of its assets. However, a credit union may not pledge any of its assets as security for the safekeeping and prompt payment of any money deposited, except that a credit union may, for the safekeeping and prompt payment of money deposited, give security as authorized by federal law.

(22) To purchase assets of another credit union and to assume the liabilities of the selling credit union.

(23) To act as a fiscal agent of the United States and to receive deposits from nonmember units of the federal, state, or county governments, from political subdivisions, and from other credit unions upon which the credit union may pay varying interest rates at varying maturities subject to terms, rates, and conditions that are established by the board of directors. However, the total amount of public funds received from units of state and county governments and political subdivisions that a credit union may have on deposit may not exceed ~~ten~~ **twenty** percent ~~(10%)~~ **(20%)** of the total assets of that credit union, excluding those public funds.

(24) To join the National Credit Union Administration Central Liquidity Facility.

(25) To participate in community investment initiatives under the administration of organizations:

(A) exempt from taxation under Section 501(c)(3) of the Internal Revenue Code; and

(B) located or conducting activities in communities in which the credit union does business.

Participation may be in the form of either charitable contributions or participation loans. In either case, disbursement of funds through the administering organization is not required to be limited to members of the credit union. Total contributions or participation loans may not exceed one tenth of one percent (0.001) of total assets of the credit union. A recipient of a contribution or loan is not considered qualified for credit union membership. A contribution or participation loan made under this subdivision must be approved by the board of directors.

(26) To establish and operate an automated teller machine (ATM):

(A) at any location within Indiana; or

(B) as permitted by the laws of the state in which the automated teller machine is to be located.

(27) To demand and receive, for the faithful performance and discharge of services performed under the powers vested in the credit union by this article:

(A) reasonable compensation, or compensation as fixed by agreement of the parties;

(B) all advances necessarily paid out and expended in the discharge and performance of its duties; and

(C) unless otherwise agreed upon, interest at the legal rate on the advances referred to in clause (B).

(28) Subject to any restrictions the department may impose, to become the owner or lessor of personal property acquired upon the request and for the use of a member and to incur additional obligations as may be incident to becoming an owner or lessor of such property.

SECTION 6. IC 28-7-1-9.2, AS ADDED BY P.L.134-2001, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9.2. (a) As used in this section, "rights and privileges" means the power:

**(1)** to:

~~(1)~~ **(A)** create;

~~(2)~~ **(B)** deliver;

~~(3)~~ **(C)** acquire; or

~~(4)~~ **(D)** sell;

a product, a service, or an investment that is available to or offered by; **or**

**(2) to engage in other activities authorized for;**

federal credit unions domiciled in Indiana.

(b) A credit union that intends to exercise any rights and privileges that are:

(1) granted to federal credit unions; but

(2) not authorized for credit unions under the Indiana Code (except for this section) or any rule adopted under the Indiana Code;

shall submit a letter to the department describing in detail the requested rights and privileges granted to federal credit unions that the credit union intends to exercise. If available, copies of relevant federal law, regulations, and interpretive letters must be attached to the letter submitted by the credit union.

(c) The department shall promptly notify the requesting credit union of the department's receipt of the letter submitted under subsection (b). Except as provided in subsection (e), the credit union may exercise the requested rights and privileges sixty (60) days after the date on which the department receives the letter unless otherwise notified by the department.

(d) The department, through its members, may prohibit the credit union from exercising the requested rights and privileges only if the members find that:

(1) federal credit unions domiciled in Indiana do not possess the requested rights and privileges; or

(2) the exercise of the requested rights and privileges by the credit union would adversely affect the safety and soundness of the credit union.

(e) The sixty (60) day period referred to in subsection (c) may be extended by the department based on a determination that the credit union's letter raised issues requiring additional information or additional time for analysis. If the sixty (60) day period is extended under this subsection, the credit union may exercise the requested rights and privileges only if the credit union receives prior written approval from the department. However:

(1) the members must:

(A) approve or deny the requested rights and privileges; or

(B) convene a hearing;

not later than sixty (60) days after the department receives the credit union's letter; and

(2) if a hearing is convened, the members must approve or deny the requested rights and privileges not later than sixty (60) days after the hearing is concluded.

(f) The exercise of rights and privileges by a credit union in compliance with and in the manner authorized by this section is not a violation of any provision of the Indiana Code or rules adopted under IC 4-22-2.

(g) Whenever, in compliance with this section, a credit union exercises rights and privileges granted to federal credit unions domiciled in Indiana, all credit unions may exercise the same rights and privileges if the department by order determines that the exercise of the rights and privileges by all credit unions would not adversely affect their safety and soundness.

(h) If the department denies the request of a credit union under this section to exercise any rights and privileges that are granted to federal credit unions, the credit union may appeal the decision of the department to the circuit court with jurisdiction in the county in which the principal office of the credit union is located. In an appeal under this section, the court shall determine the matter de novo.

SECTION 7. IC 28-8-4-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 27. (a) Except as provided in section 29 of this chapter, an application must be accompanied by a security device that secures the faithful performance of the obligations of the licensee to receive, handle, transmit, and pay money in connection with the:

(1) sale and issuance of payment instruments; or

(2) transmission of money.

(b) The security device required under subsection (a) must:

(1) be in an amount as provided under subsection (c);

(2) run to the state; and

(3) be in a form acceptable to the director.

(c) The security device must be in an amount calculated as follows:

STEP ONE: Subtract one (1) from the number of locations where the applicant proposes to engage in business under the license.

STEP TWO: Multiply the difference determined under STEP ONE by ten thousand dollars ($10,000).

STEP THREE: Add ~~one~~ **two** hundred thousand dollars ~~($100,000)~~ **($200,000)** to the product determined under STEP TWO.

STEP FOUR: Pay the amount that is the lesser of:

(1) the sum determined in STEP THREE; or

(2) ~~two~~ **three** hundred thousand dollars ~~($200,000).~~ **($300,000).**

(d) If the security device filed is a bond, the aggregate liability of the surety shall not exceed the principal sum of the bond.

SECTION 8. IC 28-8-4-33 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 33. (a) A license

granted under this chapter permits a licensee to conduct business:

(1) at one (1) or more locations directly or indirectly owned by the licensee; or

(2) through one (1) or more authorized delegates.

(b) Each licensee shall maintain a policy of insurance issued by an insurer authorized to do business in Indiana that insures the applicant against loss by a criminal act or act of dishonesty. The principal sum of the policy shall be equivalent to ~~one-half (1/2)~~ **the amount** of the required security device required under section 27 of this chapter or deposit required under section 29 of this chapter.

(c) Except as provided in subsection (d), a licensee must at all times possess permissible investments with an aggregate market value calculated in accordance with generally accepted accounting principles of not less than the aggregate face amount of all outstanding payment instruments issued or sold by the licensee or an authorized delegate of the licensee in the United States.

(d) The director may waive the permissible investments requirement in subsection (c) if the dollar volume of a licensee's outstanding payment instruments does not exceed:

(1) the security device posted by the licensee under section 27 of this chapter; or

(2) the deposit made by the licensee under section 29 of this chapter.

(e) A licensee that is a corporation must at all times be in good standing with the secretary of state of the state in which the licensee was incorporated.

SECTION 9. IC 28-10-1-1, AS AMENDED BY P.L.258-2003, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 1. A reference to a federal law or federal regulation in IC 28 is a reference to the law or regulation in effect January 1, ~~2003.~~ **2004.**

SECTION 10. IC 28-11-3-6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 6. (a) As used in this section:**

**(1) "federally chartered" means an entity organized or reorganized under the law of the United States; and**

**(2) "state chartered" means an entity organized or reorganized under the law of Indiana or another state.**

**(b) If the department determines that federal law has preempted a provision of IC 24, IC 26, IC 28, IC 29, or IC 30, the provision of IC 24, IC 26, IC 28, IC 29, or IC 30 applies to a state chartered entity only to the same extent that the department determines the provision is applicable to the:**

**(1) same; or**

**(2) functionally equivalent;**

**type of federally chartered entity.**

**(c) A state chartered entity seeking an exemption from a provision of IC 24, IC 26, IC 28, IC 29, or IC 30 based on the preemption of the provision as applied to a federally chartered entity shall submit a letter to the department:**

**(1) describing in detail; and**

**(2) documenting the federal preemption of;**

**the provisions from which it seeks exemption. If available, copies of relevant federal law, regulations, and interpretive letters must be attached to the letter submitted by the requesting entity.**

**(d) The department shall notify the requesting entity within ten (10) business days after the department's receipt of a letter described in subsection (c). Except as provided in subsection (e), upon receipt of the notification, the requesting entity may operate as if it is exempt from the provision of IC 24, IC 26, IC 28, IC 29, or IC 30 for ninety (90) days after the date on which the department receives the letter, unless otherwise notified by the department. This period may be extended if the department determines that the requesting entity's letter raises issues requiring additional information or additional time for analysis. If the department extends the period, the requesting entity may operate as if the requesting entity is exempt from a provision of IC 24, IC 26, IC 28, IC 29, or IC 30 only if the requesting entity receives prior written approval from the department. However:**

**(1) the department must:**

**(A) approve or deny the requested exemption; or**

**(B) convene a hearing;**

**not later than ninety (90) days after the department receives the requesting entity's letter; and**

**(2) if a hearing is convened, the department must approve or deny the requested exemption not later than ninety (90) days after the hearing is concluded.**

**(e) The department may refuse to exempt a requesting entity from a provision of IC 24, IC 26, IC 28, IC 29, or IC 30 if the department finds that any of the following conditions apply:**

**(1) The department determines that a described provision of IC 24, IC 26, IC 28, IC 29, or IC 30 is not preempted for a federally chartered entity of the:**

**(A) same; or**

**(B) functionally equivalent;**

**type.**

**(2) The extension of the federal preemption in the form of an exemption from a provision of IC 24, IC 26, IC 28, IC 29, or IC 30 to the requesting entity would:**

**(A) adversely affect the safety and soundness of the requesting entity; or**

**(B) result in an unacceptable curtailment of consumer protection provisions.**

**(3) The failure of the department to provide for the exemption from a provision of IC 24, IC 26, IC 28, IC 29, or IC 30 will not result in a competitive disadvantage to the requesting entity.**

**(f) The operation of a financial institution in a manner consistent with exemption from a provision of IC 24, IC 26, IC 28, IC 29, or IC 30 under this section is not a violation of any provision of the Indiana Code or rules adopted under IC 4-22-2.**

**(g) If a financial institution is exempted from the provisions of IC 24, IC 26, IC 28, IC 29, or IC 30 in compliance with this section, the department shall do the following:**

**(1) Determine whether the exemption shall apply to all financial institutions that, in the opinion of the department, possess a charter that is:**

**(A) the same as; or**

**(B) functionally the equivalent of;**

**the charter of the exempt institution.**

**(2) For purposes of the determination required under subdivision (1), ensure that applying the exemption to the financial institutions described in subdivision (1) will not:**

**(A) adversely affect the safety and soundness of the financial institutions; or**

**(B) unduly constrain Indiana consumer protection provisions.**

**(3) Issue an order published in the Indiana Register that specifies whether the exemption applies to the financial institutions described in subdivision (1).**

**(h) If the department denies the request of a financial institution under this section for exemption from Indiana Code provisions that are preempted for federally chartered institutions, the requesting institution may appeal the decision of the department to the circuit court of the county in which the principal office of the requesting institution is located.**

SECTION 11. IC 28-13-9-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. (a) Unless the articles of incorporation provide otherwise, if a vacancy occurs on a board of directors, including a vacancy resulting from an increase in the number of directors:

(1) the board of directors may fill the vacancy; or

(2) if the directors remaining in office constitute fewer than a quorum of the board, the directors may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office.

(b) If the vacant office was held by a director elected by a voting group of shareholders, only the holders of shares of that voting group are entitled to vote to fill the vacancy if it is filled by the shareholders.

(c) A vacancy that will occur at a specific later date by reason of a resignation effective at a later date under section 7(b) of this chapter or otherwise may be filled before the vacancy occurs. However, the new director may not take office until the vacancy occurs.

**(d) If:**

**(1) a vacancy occurs on a board of directors; and**

**(2) the vacancy is not filled by a competent replacement through the institution's normal election process within a**

**period considered reasonable by the department of financial institutions;**

**the director of the department may appoint to the board of directors a person whom the director considers capable of providing competent leadership and decision making ability.**

**(e) A person appointed under subsection (d):**

**(1) may serve until the director of the department determines that the institution has filled the vacancy through the institution's normal election process; and**

**(2) may not serve on a board of directors for a period of more than two (2) years, unless elected through the institution's normal election process.**

SECTION 12. IC 28-13-16-4, AS AMENDED BY P.L.258-2003, SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) A financial institution or any of its subsidiaries may acquire or establish a qualifying subsidiary by providing the department with written notice before acquiring or establishing the subsidiary. The department shall notify the requesting financial institution of the department's receipt of the notice.

(b) A subsidiary may exercise a power or engage in an activity permitted to be performed by a financial institution under the same conditions and restrictions as if the power or activity is performed by the financial institution itself, or the activity has been authorized ~~by~~ **as "activity eligible for notice" procedures under** 12 CFR ~~5.34(e)(2)(ii).~~ **5.34(e).**

(c) The qualified subsidiary may exercise or engage in the activity thirty (30) days after the date on which the department receives the notification unless otherwise notified by the department.

SECTION 13. IC 28-13-16-5, AS ADDED BY P.L.215-1999, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5. A financial institution may acquire or establish a nonqualifying subsidiary by submitting an application to the department containing:

(1) a complete description of the financial institution's investment in the subsidiary;

(2) the activity to be conducted; and

(3) a representation that the activity:

(A) could be performed by a financial institution under statutory authority of this title;

(B) is a part of or incidental to the business of banking as determined by the director; or

(C) has been authorized ~~by~~ **as "activity eligible for notice" procedures under** 12 CFR ~~5.34(e)(2)(ii).~~ **5.34(e).**

The department shall notify the requesting financial institution of the department's receipt of the application.

SECTION 14. IC 28-15-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) As used in this section, "rights and privileges" means the power:

**(1)** to:

~~(1)~~ **(A)** create;

~~(2)~~ **(B)** deliver;

~~(3)~~ **(C)** acquire; or

~~(4)~~ **(D)** sell;

a ~~product or service~~ **product, a service, or an investment** that is available to or offered by; **or**

**(2) to engage in other activities authorized for;**

federal savings associations **domiciled in Indiana.**

(b) Subject to this section, savings associations may exercise the rights and privileges that are granted to federal savings associations.

(c) A savings association that intends to exercise any rights and privileges that are:

(1) granted to federal savings associations; but

(2) not authorized for savings associations under:

(A) the Indiana Code (except for this section); or

(B) a rule adopted under IC 4-22-2;

shall submit a letter to the department, describing in detail the requested rights and privileges granted to federal savings associations that the savings association intends to exercise. If available, copies of relevant federal law, regulations, and interpretive letters must be attached to the letter.

(d) The department shall promptly notify the requesting savings association of its receipt of the letter submitted under subsection (c). Except as provided in subsection (f), the savings association may exercise the requested rights and privileges sixty (60) days after the date on which the department receives the letter unless otherwise notified by the department.

(e) The department, through its members, may prohibit the savings association from exercising the requested rights and privileges only if the members find that:

(1) federal savings associations in Indiana do not possess the requested rights and privileges; or

(2) the exercise of the requested rights and privileges by the savings association would adversely affect the safety and soundness of the savings association.

(f) The sixty (60) day period referred to in subsection (d) may be extended by the department based on a determination that the savings association letter raises issues requiring additional information or additional time for analysis. If the sixty (60) day period is extended under this subsection, the savings association may exercise the requested rights and privileges only if the savings association receives prior written approval from the department. However:

(1) the members must:

(A) approve or deny the requested rights and privileges; or

(B) convene a hearing;

not later than sixty (60) days after the department receives the savings association's letter; and

(2) if a hearing is convened, the members must approve or deny the requested rights and privileges not later than sixty (60) days after the hearing is concluded.

(g) The exercise of rights and privileges by a savings association in compliance with and in the manner authorized by this section does not constitute a violation of any provision of the Indiana Code or rules adopted under IC 4-22-2.

(h) Whenever, in compliance with this section, a savings association exercises rights and privileges granted to national savings associations domiciled in Indiana, all savings associations may exercise the same rights and privileges if the department by order determines that the exercise of the rights and privileges by all savings associations would not adversely affect their safety and soundness.

SECTION 15. IC 32-17-9-6, AS ADDED BY P.L.2-2002, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 6. As used in this chapter, "security account" means:

(1) a reinvestment account associated with a security, a securities account with a broker, a cash balance in a brokerage account, cash, interest, earnings, or dividends earned or declared on a security in an account, a reinvestment account, or a brokerage account, whether or not credited to the account before the owner's death; ~~or~~

(2) **an investment management or custody account with a trust company or a trust department of a bank with trust powers, including the securities in the account, a cash balance in the account, cash, cash equivalents, interest, earnings, or dividends earned or declared on a security in the account, whether or not credited to the account before the owner's death; or**

**(3)** a cash balance or other property held for or due to the owner of a security as a replacement for or product of an account security, regardless of whether the cash was credited to the account before the owner's death.

SECTION 16. IC 32-29-1-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 2.5. A mortgagee or a mortgagee's assignee or representative may not require a mortgagor, as a condition of receiving or maintaining a mortgage, to obtain hazard insurance coverage against risks to improvements on the mortgaged property in an amount exceeding the replacement value of the improvements.**

SECTION 17. **An emergency is declared for this act.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 222 as printed January 21, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 14, nays 0.

BARDON, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred Engrossed Senate Bill 223, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 5, delete "school corporation,".

Page 2, between lines 9 and 10, begin a new line block indented and insert:

"**(6) The efforts of other states to consolidate local government.**".

Page 2, line 10, delete "(6)" and insert "**(7)**".

Page 2, line 42, after "representatives." insert "**The member appointed by the speaker of the house of representatives must be a trustee assessor.**".

Page 3, between lines 37 and 38, begin a new paragraph and insert:

"**(k) The commission shall annually submit a final report to the legislative council of the commission's recommendations and findings not later than December 1. The report to the legislative council must be in an electronic format under IC 5-14-6.**".

Page 3, line 38, delete "(k)" and insert "**(l)**".

(Reference is to SB 223 as reprinted February 3, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 9, nays 0.

PELATH, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Commerce and Economic Development, to which was referred Engrossed Senate Bill 232, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 2, delete "JULY 1, 2004]:" and insert "UPON PASSAGE]:".

Page 2, line 32, delete "JULY 1, 2004]:" and insert "UPON PASSAGE]:".

Page 3, delete lines 34 through 42, begin a new paragraph and insert:

"SECTION 3. IC 25-34.1-3-4.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.1. (a) To obtain a broker license, an individual must:

(1) be at least eighteen (18) years of age before applying for a license and must not have a conviction for:

(A) an act that would constitute a ground for disciplinary sanction under IC 25-1-11;

(B) a crime that has a direct bearing on the individual's ability to practice competently; or

(C) a crime that indicates the individual has the propensity to endanger the public.

(2) have satisfied section 3.1(a)(2) of this chapter and have had continuous active experience for one (1) year immediately preceding the application as a licensed salesperson in Indiana; however, this one (1) year experience requirement may be waived by the commission upon a finding of equivalent experience;

(3) have successfully completed an approved broker course of study as prescribed in IC 25-34.1-5-5(b);

(4) apply for a license by submitting the application fee prescribed by the commission and an application specifying the name, address, and age of the applicant, the name under which the applicant intends to conduct business, the address where the business is to be conducted, proof of compliance with subdivisions (2) and (3), and any other information the commission requires;

(5) pass a written examination prepared and administered by the commission or its duly appointed agent; and

(6) within one hundred twenty (120) days after passing the commission examination, submit the license fee of fifty dollars ($50). If an individual applicant fails to file a timely license fee, the commission shall void the application and may not issue a license to that applicant unless that applicant again complies with the requirements of subdivisions (4) and (5) and this subdivision.

(b) To obtain a broker license, a partnership must:

(1) have as partners only individuals who are licensed brokers;

(2) **except as provided in IC 25-34.1-4-3(b),** have at least one (1) partner who is a resident of Indiana;

(3) cause each employee of the partnership who acts as a broker or salesperson to be licensed; and

(4) submit the license fee of fifty dollars ($50) and an application setting forth the name and residence address of each partner and the information prescribed in subsection (a)(4).

(c) To obtain a broker license, a corporation must:

(1) **except as provided in IC 25-34.1-4-3(b),** have a licensed broker residing in Indiana who is either an officer of the corporation or, if no officer resides in Indiana, the highest ranking corporate employee in Indiana with authority to bind the corporation in real estate transactions;

(2) cause each employee of the corporation who acts as a broker or salesperson to be licensed; and

(3) submit the license fee of fifty dollars ($50), an application setting forth the name and residence address of each officer and the information prescribed in subsection (a)(4), a copy of the certificate of incorporation, and a certificate of good standing of the corporation issued by the secretary of state of Indiana.

(d) To obtain a broker license, a limited liability company must:

(1) if a member-managed limited liability company:

(A) have as members only individuals who are licensed brokers; and

(B) **except as provided in IC 25-34.1-4-3(b),** have at least one (1) member who is a resident of Indiana; or

(2) if a manager-managed limited liability company, **except as provided in IC 25-34.1-4-3(b),** have a licensed broker residing in Indiana who is either a manager of the company or, if no manager resides in Indiana, the highest ranking company officer or employee in Indiana with authority to bind the company in real estate transactions;

(3) cause each employee of the limited liability company who acts as a broker or salesperson to be licensed; and

(4) submit the license fee of fifty dollars ($50) and an application setting forth the information prescribed in subsection (a)(4), together with:

(A) if a member-managed company, the name and residence address of each member; or

(B) if a manager-managed company, the name and residence address of each manager, or of each officer if the company has officers.

(e) Licenses granted to partnerships, corporations, and limited liability companies are issued, expire, are renewed, and are effective on the same terms as licenses granted to individual brokers, except as provided in subsection (h), and except that expiration or revocation of the license of:

(1) any partner in a partnership or all individuals in a corporation satisfying subsection (c)(1); or

(2) a member in a member-managed limited liability company or all individuals in a manager-managed limited liability company satisfying subsection (d)(2);

terminates the license of that partnership, corporation, or limited liability company.

(f) Upon the applicant's compliance with the requirements of subsection (a), (b), or (c), the commission shall issue the applicant a broker license and an identification card which certifies the issuance of the license and indicates the expiration date of the license. The license shall be displayed at the broker's place of business.

(g) Notice of passing the commission examination serves as a temporary permit for an individual applicant to act as a broker as soon as the applicant sends, by registered or certified mail with return receipt requested, a timely license fee as prescribed in subsection (a)(6). The temporary permit expires the earlier of one hundred twenty (120) days after the date of the notice of passing the examination or the date a license is issued.

(h) A broker license expires, for individuals, at midnight, December 31 and, for corporations, partnerships, and limited liability companies at midnight, June 30 of the next even-numbered year

following the year in which the license is issued or last renewed, unless the licensee renews the license prior to expiration by payment of a biennial license fee of fifty dollars ($50). An expired license may be reinstated within one hundred twenty (120) days after expiration by payment of all unpaid license fees together with twenty dollars ($20). If the license is renewed within eighteen (18) months, but more than one hundred twenty (120) days, after expiration, the licensee must pay a late fee of one hundred dollars ($100) plus any unpaid license fees. If a broker fails to reinstate a license within eighteen (18) months after expiration, a license may not be issued unless the broker again complies with the requirements of subsection (a)(4), (a)(5), and (a)(6).

(i) A partnership, corporation, or limited liability company may not be a broker-salesperson except as authorized in IC 23-1.5. An individual broker who associates as a broker-salesperson with a principal broker shall immediately notify the commission of the name and business address of the principal broker and of any changes of principal broker that may occur. The commission shall then change the address of the broker-salesperson on its records to that of the principal broker.

SECTION 4. IC 25-34.1-3-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) A resident of another state, meeting the requirements of this chapter, may be licensed.

~~(b) A nonresident individual broker may act only as a broker-salesperson.~~

~~(c)~~ **(b)** A nonresident salesperson or broker shall file with the commission a written consent that any action arising out of the conduct of the licensee's business in Indiana may be commenced in any county of this state in which the cause of action accrues. The consent shall provide that service of process may be made upon the commission, as agent for the nonresident licensee, and that service in accordance with the Indiana Rules of Trial Procedure subjects the licensee to the jurisdiction of the courts in that county.

~~(d)~~ **(c)** The requirements of this section may be waived for individuals of or moving from other jurisdictions if the following requirements are met:

(1) The jurisdiction grants the same privilege to the licensees of this state.

(2) The individual is licensed in that jurisdiction.

(3) The licensing requirements of that jurisdiction are substantially similar to the requirements of this chapter.

(4) The applicant states that the applicant has studied, is familiar with, and will abide by the statutes and rules of this state.".

Delete pages 4 through 6.

Page 7, delete lines 1 through 15.

Page 7, line 18, delete "JULY 1, 2004]:" and insert "UPON PASSAGE]:".

Page 9, line 7, after "in" insert "**section 5(b) of this chapter.**".

Page 9, delete lines 8 through 10, begin a new paragraph and insert:

"SECTION 6. IC 25-34.1-4-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. **(a)** Each individual who is a principal broker or is designated by a partnership, corporation, or a limited liability company pursuant to section 2 of this chapter shall be a resident of Indiana.

**(b) A resident licensee may not affiliate with a nonresident principal broker, nonresident partnership broker, nonresident corporate broker, or nonresident limited liability broker unless the nonresident principal broker, nonresident partnership broker, nonresident corporate broker, or nonresident limited liability broker satisfies the residency requirement under subsection (a).**

**(c) A nonresident licensee may affiliate with a nonresident principal broker, nonresident partnership broker, nonresident corporate broker, or nonresident limited liability broker if the nonresident principal broker, nonresident partnership broker, nonresident corporate broker, or nonresident limited liability broker does not satisfy the residency requirement under subsection (a).**

SECTION 7. **An emergency is declared for this act.**".

Renumber all SECTIONS consecutively.

(Reference is to ES 232 as reprinted January 28, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 10, nays 2.

STEVENSON, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, Corporations and Small Business, to which was referred Engrossed Senate Bill 251, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-10-8-2.8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 2.8. (a) As used in this section, "pilot project" refers to the school corporation health benefit pilot project established by the state personnel department under subsection (d).**

**(b) As used in this section, "state employee health plan" means:**

**(1) the self-insurance program established by the state personnel department under section 7(b) of this chapter; or**

**(2) a contract with a prepaid health care delivery plan entered into by the state personnel department under section 7(c) of this chapter.**

**(c) Notwithstanding any other provision of this chapter to the contrary, and notwithstanding IC 20-5-2-2(14), a school corporation may:**

**(1) apply to participate in the pilot project; and**

**(2) if chosen by the department of insurance, participate in the pilot project.**

**(d) The state personnel department, in cooperation with the department of insurance, shall develop and implement a school corporation health benefit pilot project. The pilot project:**

**(1) must enable ten (10) school corporations that:**

**(A) apply for participation in the project; and**

**(B) are chosen by the department of insurance;**

**to provide coverage of health care services for active and retired employees of the school corporation under a state employee health plan that covers active state employees and is chosen by the school corporation; and**

**(2) must be established not later than January 1, 2005.**

**(e) The pilot project must do the following:**

**(1) Specify participation requirements, including minimum participation and contribution requirements, and an application process for school corporations that wish to apply.**

**(2) Provide for the department of insurance to choose ten (10) eligible school corporations for participation in the project.**

**(3) Provide for enrollment of the active and retired employees of the participating school corporations in a state employee health plan not later than June 30, 2005.**

**(4) Provide for coverage of the active and retired employees of the participating school corporations under the state employee health plan until a date not earlier than June 30, 2010, and not later than December 31, 2010.**

**(5) Require the state personnel department to provide to the legislative council in an electronic format under IC 5-14-6:**

**(A) an annual report not later than July 1 of each year; and**

**(B) a final report, including aggregate information, not later than July 1, 2011;**

**concerning the effect of the participation in the state employee health plan by the active and retired employees of the school corporation employees, including the effect on premium rates, costs to the state and to the school corporations, and any other information determined relevant by the legislative council.**

**(6) Conclude insurance coverage not later than December 31, 2010.**

**(f) A school corporation that participates in the pilot project**

**under this section shall provide for payment of the premium for the coverage as provided in section 2.6 of this chapter. The state shall not pay any part of the premium for the coverage. The administrator of the state employee health plan described in subsection (b)(1) shall not pay any part of the administrative cost or other costs of the coverage.**

**(g) The state personnel department may adopt rules under IC 4-22-2 to implement this section.**

**(h) This section expires December 31, 2011.**

SECTION 2. IC 6-3-1-3.5, AS AMENDED BY P.L.1-2004, SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars ($1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars ($1,000).

(4) Subtract one thousand dollars ($1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars ($1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996; and

(B) five hundred dollars ($500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars ($40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars ($2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of 2004, the amount determined under subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars ($2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(20) In the case of an individual who is employed by a taxpayer that claims a credit under IC 6-3.1-25-9, add the amount of the individual's eligible benefits as provided in IC 6-3.1-25-15(a).**

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal

Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars ($2,500).

STEP FIVE: Determine the sum of the STEP THREE amount and two thousand five hundred dollars ($2,500).

SECTION 3. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:

**Chapter 25. Credit for Offering Health Benefit Plans**

**Sec. 1. This chapter applies to an employer that:**

**(1) employs at least ten (10) full-time employees who are located in Indiana; and**

**(2) does not offer coverage for health care services under a self-funded health benefit plan that complies with the federal Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.).**

**Sec. 2. As used in this chapter, "eligible benefits" means, with respect to an employee of a taxpayer that claims a credit under section 9 of this chapter, the total amount of health insurance premiums withheld from the employee's federal adjusted gross income (as defined in Section 62 of the Internal Revenue Code) during a taxable year under the health benefit plan offered by the employer.**

**Sec. 3. As used in this chapter, "eligible taxpayer" means a taxpayer that did not provide health insurance to the taxpayer's employees in the taxable year immediately preceding the taxable year for which the taxpayer claims a credit under this chapter.**

**Sec. 4. As used in this chapter, "full-time employee" means an employee who is normally scheduled to work at least thirty (30) hours each week.**

**Sec. 5. (a) As used in this chapter, "health benefit plan" means coverage for health care services provided under:**

**(1) an insurance policy that provides one (1) or more of the types of insurance described in Class 1(b) or Class 2(a) of IC 27-1-5-1; or**

**(2) a contract with a health maintenance organization for coverage of basic health care services under IC 27-13;**

**that satisfies the requirements of Section 125 of the Internal Revenue Code.**

**(b) The term does not include the following:**

**(1) Accident only, credit, dental, vision, Medicare supplement, long term care, or disability income insurance.**

**(2) Coverage issued as a supplement to liability insurance.**

**(3) Automobile medical payment insurance.**

**(4) A specified disease policy issued as an individual policy.**

**(5) A limited benefit health insurance policy issued as an individual policy.**

**(6) A short term insurance plan that:**

**(A) may not be renewed; and**

**(B) has a duration of not more than six (6) months.**

**(7) A policy that provides a stipulated daily, weekly, or monthly payment to an insured during hospital confinement, without regard to the actual expense of the confinement.**

**(8) Worker's compensation or similar insurance.**

**(9) A student health insurance policy.**

**Sec. 6. As used in this chapter, "pass through entity" means:**

**(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);**

**(2) a partnership;**

**(3) a limited liability company; or**

**(4) a limited liability partnership.**

**Sec. 7. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:**

**(1) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);**

**(2) IC 6-5.5 (financial institutions tax); and**

**(3) IC 27-1-18-2 (insurance premiums tax);**

**as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.**

**Sec. 8. As used in this chapter, "taxpayer" means an individual or entity that:**

**(1) has state tax liability; and**

**(2) employs at least ten (10) full-time employees who are located in Indiana.**

**Sec. 9. (a) An eligible taxpayer that, after December 31, 2004, makes health insurance available to the eligible taxpayer's employees and their dependents through at least one (1) health benefit plan is entitled to a credit against the taxpayer's state tax liability for the first two (2) taxable years in which the taxpayer makes the health benefit plan available if the following requirements are met:**

**(1) An employee's participation in the health benefit plan is at the employee's election.**

**(2) If an employee chooses to participate in the health benefit plan, the employee may pay the employee's share of the cost of the plan using a wage assignment authorized under IC 22-2-6-2.**

**(b) The credit allowed under this chapter equals the lesser of:**

**(1) two thousand five hundred dollars ($2,500); or**

**(2) fifty dollars ($50) multiplied by the number of employees enrolled in the health benefit plan during the taxable year.**

**Sec. 10. (a) An employer may pay or provide reimbursement for all or part of the cost of a health benefit plan made available under section 9 of this chapter.**

**(b) An employer that pays or provides reimbursement under subsection (a) shall pay or provide reimbursement on an equal basis for all full-time employees who elect to participate in the health benefit plan.**

**Sec. 11. (a) If the amount determined under section 9 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.**

**(b) A taxpayer is not entitled to a refund of any unused credit.**

**Sec. 12. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:**

**(1) the tax credit determined for the pass through entity for the taxable year; multiplied by**

**(2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.**

**Sec. 13. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer must submit to the department all information that the department determines is necessary to calculate the credit provided by this chapter and to determine the taxpayer's eligibility for the credit.**

**Sec. 14. (a) A taxpayer claiming a credit under this chapter shall continue to make health insurance available to the taxpayer's employees through a health benefit plan for at least twenty-four (24) consecutive months beginning on the day after the last day of the taxable year in which the taxpayer first offers the health benefit plan.**

**(b) If the taxpayer terminates the health benefit plan before the expiration of the period required under subsection (a), the taxpayer shall repay the department the amount of the credit received under section 9 of this chapter.**

**Sec. 15. (a) An employee of a taxpayer that claims a credit under this chapter shall include in the employee's state adjusted gross income (as defined in IC 6-3-1-3.5(a)) the employee's eligible benefits for:**

**(1) the first taxable year in which the taxpayer offers the health benefit plan; and**

**(2) the taxable year immediately following the first taxable year in which the taxpayer offers the health benefit plan.**

**An employee's eligible benefits are not included in the employee's state adjusted gross income (as defined in IC 6-3-1-3.5(a)) for the taxable years following the taxable year described in subdivision (2).**

**(b) A taxpayer that claims a credit under this chapter shall notify each of the taxpayer's employees of the amount included in the employee's state adjusted gross income (as defined in IC 6-3-1-3.5(a)) under subsection (a) at the same time the taxpayer provides the employee with the employee's W-2 federal income tax withholding statement for the taxable year.**

SECTION 4. IC 20-5-2-2, AS AMENDED BY P.L.286-2001, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. In carrying out the school purposes of each school corporation, its governing body acting on its behalf shall have the following specific powers:

(1) In the name of the school corporation, to sue and be sued and to enter into contracts in matters permitted by applicable law.

(2) To take charge of, manage, and conduct the educational affairs of the school corporation and to establish, locate, and provide the necessary schools, school libraries, other libraries where permitted by law, other buildings, facilities, property, and equipment therefor.

(2.5) To appropriate from the general fund an amount, not to exceed the greater of three thousand dollars ($3,000) per budget year or one dollar ($1) per pupil, not to exceed twelve thousand five hundred dollars ($12,500), based upon the school corporation's previous year's average daily membership (as defined in IC 21-3-1.6-1.1) for the purpose of promoting the best interests of the school corporation by:

(A) the purchase of meals, decorations, memorabilia, or awards;

(B) provision for expenses incurred in interviewing job applicants; or

(C) developing relations with other governmental units.

(3) To acquire, construct, erect, maintain, hold, and to contract for such construction, erection, or maintenance of such real estate, real estate improvements, or any interest in either, as the governing body deems necessary for school purposes, including but not limited to buildings, parts of buildings, additions to buildings, rooms, gymnasiums, auditoriums, playgrounds, playing and athletic fields, facilities for physical training, buildings for administrative, office, warehouse, repair activities, or housing of school owned buses, landscaping, walks, drives, parking areas, roadways, easements and facilities for power, sewer, water, roadway, access, storm and surface water, drinking water, gas, electricity, other utilities and similar purposes, by purchase, either outright for cash (or under conditional sales or purchases money contracts providing for a retention of a security interest by seller until payment is made or by notes where such contract, security retention, or note is permitted by applicable law), by exchange, by gift, by devise, by eminent domain, by lease with or without option to purchase, or by lease under IC 21-5-10, IC 21-5-11, or IC 21-5-12. To repair, remodel, remove, or demolish any such real estate, real estate improvements, or interest in either, as the governing body deems necessary for school purposes, and to contract therefor. To provide for energy conservation measures through utility energy efficiency programs or under a guaranteed energy savings contract as described in IC 36-1-12.5.

(4) To acquire such personal property or any interest therein as the governing body deems necessary for school purposes, including but not limited to buses, motor vehicles, equipment, apparatus, appliances, books, furniture, and supplies, either by outright purchase for cash, or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where such contract, security, retention, or note is permitted by applicable law, by gift, by devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove, relocate, and demolish such personal property. All purchases and contracts delineated under the powers given under subdivision (3) and

this subdivision shall be subject solely to applicable law relating to purchases and contracting by municipal corporations in general and to the supervisory control of agencies of the state as provided in section 3 of this chapter.

(5) To sell or exchange any of such real or personal property or interest therein, which in the opinion of the governing body is not necessary for school purposes, in accordance with IC 20-5-5, to demolish or otherwise dispose of such property if, in the opinion of the governing body, it is not necessary for school purposes and is worthless, and to pay the expenses for such demolition or disposition.

(6) To lease any school property for a rental which the governing body deems reasonable or to permit the free use of school property for:

(A) civic or public purposes; or

(B) the operation of a school age child care program for children aged five (5) through fourteen (14) years that operates before or after the school day, or both, and during periods when school is not in session;

if the property is not needed for school purposes. Under this subdivision, the governing body may enter into a long term lease with a nonprofit corporation, community service organization, or other governmental entity, if the corporation, organization, or other governmental entity will use the property to be leased for civic or public purposes or for a school age child care program. However, if the property subject to a long term lease is being paid for from money in the school corporation's debt service fund, then all proceeds from the long term lease shall be deposited in that school corporation's debt service fund so long as the property has not been paid for. The governing body may, at its option, use the procedure specified in IC 36-1-11-10 in leasing property under this subdivision.

(7) To employ, contract for, and discharge superintendents, supervisors, principals, teachers, librarians, athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-6.1-3), business managers, superintendents of buildings and grounds, janitors, engineers, architects, physicians, dentists, nurses, accountants, teacher aides performing noninstructional duties, educational and other professional consultants, data processing and computer service for school purposes, including but not limited to the making of schedules, the keeping and analyzing of grades and other student data, the keeping and preparing of warrants, payroll, and similar data where approved by the state board of accounts as provided below, and such other personnel or services, all as the governing body considers necessary for school purposes. To fix and pay the salaries and compensation of such persons and such services. To classify such persons or services and to adopt schedules of salaries or compensation. To determine the number of such persons or the amount of services thus employed or contracted for. To determine the nature and extent of their duties. The compensation, terms of employment, and discharge of teachers shall, however, be subject to and governed by the laws relating to employment, contracting, compensation, and discharge of teachers. The compensation, terms of employment, and discharge of bus drivers shall be subject to and shall be governed by any laws relating to employment, contracting, compensation, and discharge of bus drivers. The forms and procedures relating to the use of computer and data processing equipment in handling the financial affairs of such school corporation shall be submitted to the state board of accounts for approval to the end that such services shall be used by the school corporation when the governing body determines that it is in the best interests of the school corporation while at the same time providing reasonable accountability for the funds expended.

(8) Notwithstanding the appropriation limitation in subdivision (2.5), when the governing body by resolution deems a trip by an employee of the school corporation or by a member of the governing body to be in the interest of the school corporation, including but not limited to attending meetings, conferences, or examining equipment, buildings, and installation in other areas, to permit such employee to be absent in connection with such trip without any loss in pay and to refund to such employee or to such member ~~his~~ reasonable hotel and board bills and necessary transportation expenses. To pay teaching personnel for time spent in sponsoring and working with school related trips or activities.

(9) To transport children to and from school, when in the opinion of the governing body such transportation is necessary, including but not limited to considerations for the safety of such children and without regard to the distance they live from the school, such transportation to be otherwise in accordance with the laws applicable thereto.

(10) To provide a lunch program for a part or all of the students attending the schools of the school corporation, including but not limited to the establishment of kitchens, kitchen facilities, kitchen equipment, lunch rooms, the hiring of the necessary personnel to operate such program, and the purchase of any material and supplies therefor, charging students for the operational costs of such lunch program, fixing the price per meal or per food item. To operate such lunch program as an extracurricular activity, subject to the supervision of the governing body. To participate in any surplus commodity or lunch aid program.

(11) To purchase textbooks, to furnish them without cost or to rent them to students, to participate in any textbook aid program, all in accordance with applicable law.

(12) To accept students transferred from other school corporations and to transfer students to other school corporations in accordance with applicable law.

(13) To levy taxes, to make budgets, to appropriate funds, and to disburse the money of the school corporation in accordance with the laws applicable thereto. To borrow money against current tax collections and otherwise to borrow money, in accordance with IC 20-5-4.

(14) To purchase insurance, ~~or to~~ establish and maintain a program of self-insurance, **or enter into an interlocal agreement with one (1) or more school corporations to establish and maintain a cooperative risk management program under IC 20-5-2.7,** relating to the liability of the school corporation or its employees in connection with motor vehicles or property and for any additional coverage to the extent permitted and in accordance with IC 34-13-3-20. To purchase additional insurance, ~~or to~~ establish and maintain a program of self-insurance, **or enter into an interlocal agreement with one (1) or more school corporations to establish and maintain a cooperative risk management program under IC 20-5-2.7,** protecting the school corporation and members of the governing body, employees, contractors, or agents of the school corporation from any liability, risk, accident, or loss related to any school property, school contract, school or school related activity, including but not limited to the purchase of insurance or the establishment and maintenance of a self-insurance program protecting such persons against false imprisonment, false arrest, libel, or slander for acts committed in the course of their employment, protecting the school corporation for fire and extended coverage and other casualty risks to the extent of replacement cost, loss of use, and other insurable risks relating to any property owned, leased, or held by the school corporation. To:

(A) participate in a state employee health plan under IC 5-10-8-6.6;

(B) purchase insurance; or

(C) establish and maintain a program of self-insurance;

to benefit school corporation employees, which may include accident, sickness, health, or dental coverage, provided that any plan of self-insurance shall include an aggregate stop-loss provision.

(15) To make all applications, to enter into all contracts, and to sign all documents necessary for the receipt of aid, money, or property from the state government, the federal government, or from any other source.

(16) To defend any member of the governing body or any employee of the school corporation in any suit arising out of the

performance of ~~his~~ **the member's or employee's** duties for or employment with, the school corporation, provided the governing body by resolution determined that such action was taken in good faith. To save any such member or employee harmless from any liability, cost, or damage in connection therewith, including but not limited to the payment of any legal fees, except where such liability, cost, or damage is predicated on or arises out of the bad faith of such member or employee, or is a claim or judgment based on ~~his~~ **the member's or employee's** malfeasance in office or employment.

(17) To prepare, make, enforce, amend, or repeal rules, regulations, and procedures for the government and management of the schools, property, facilities, and activities of the school corporation, its agents, employees, and pupils and for the operation of its governing body, which rules, regulations, and procedures may be designated by any appropriate title such as "policy handbook", "bylaws", or "rules and regulations".

(18) To ratify and approve any action taken by any member of the governing body, any officer of the governing body, or by any employee of the school corporation after such action is taken, if such action could have been approved in advance, and in connection therewith to pay any expense or compensation permitted under IC 20-5-1 through IC 20-5-6 or any other law.

(19) To exercise any other power and make any expenditure in carrying out its general powers and purposes provided in this chapter or in carrying out the powers delineated in this section which is reasonable from a business or educational standpoint in carrying out school purposes of the school corporation, including but not limited to the acquisition of property or the employment or contracting for services, even though such power or expenditure shall not be specifically set out herein. The specific powers set out in this section shall not be construed to limit the general grant of powers provided in this chapter except where a limitation is set out in IC 20-5-1 through IC 20-5-6 by specific language or by reference to other law.

SECTION 5. IC 20-5-2.7 IS ADDED TO THE INDIANA CODE AS **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 2.7. Cooperative Risk Management Programs**

**Sec. 1. As used in this chapter, "aggregate insurance coverage" means the coverage provided by an insurance contract that:**

**(1) is purchased by a cooperative program; and**

**(2) provides excess coverage if the aggregate amount of claims submitted by member school corporations and payable by the self-insurance fund exceeds the total amount of self-insured risk retained by the members in a fiscal year.**

**Sec. 2. As used in this chapter, "commissioner" means the insurance commissioner appointed under IC 27-1-1-2.**

**Sec. 3. As used in this chapter, "cooperative program" means a cooperative risk management program established under this chapter.**

**Sec. 4. As used in this chapter, "member" refers to a school corporation that enters into an interlocal agreement with another school corporation to establish a cooperative program.**

**Sec. 5. As used in this chapter, "self-insurance fund" means an actuarially sound fund established by a cooperative program as a reserve to cover self-insured risk retained by the members for losses covered under this chapter and to pay premiums for aggregate insurance coverage and specific insurance coverage required under this chapter.**

**Sec. 6. As used in this chapter, "specific insurance coverage" means the coverage provided by one (1) or more insurance contracts that:**

**(1) are purchased by a cooperative program; and**

**(2) provide excess coverage for a part of a specific claim that exceeds the amount covered by the self-insurance fund.**

**Sec. 7. (a) Two (2) or more school corporations may enter into an interlocal agreement under IC 36-1-7 to establish a cooperative risk management program through which the school corporations agree to maintain a program of joint self-insurance to cover certain retained risks and to jointly purchase aggregate insurance coverage and specific insurance coverage, including the following:**

**(1) Casualty insurance, including general and professional liability coverage and student accident insurance.**

**(2) Property insurance.**

**(3) Automobile insurance, including motor vehicle liability insurance coverage and security for motor vehicles owned or operated, and protection against other liability and loss associated with the ownership of motor vehicles.**

**(4) Surety and fidelity insurance coverage.**

**(5) Umbrella and excess insurance coverage.**

**(6) Worker's compensation coverage.**

**(b) A cooperative program established under this chapter is a separate legal entity with the power to:**

**(1) sue and be sued;**

**(2) make contracts; and**

**(3) hold and dispose of real and personal property.**

**Sec. 8. A cooperative program established under this chapter is subject to regulation by the department of insurance created by IC 27-1-1-1.**

**Sec. 9. (a) A cooperative program shall:**

**(1) establish a self-insurance fund with an aggregate limit on the total amount of self-insured risk retained by the members in a fiscal year; and**

**(2) maintain aggregate insurance coverage and specific insurance coverage.**

**(b) A self-insurance fund established under subsection (a) must be funded at the beginning of each fiscal year by a contribution from each member in an amount that reflects the member's share of self-insured risk and other costs of the cooperative program.**

**(c) Annual contributions to the self-insurance fund under subsection (b) must be:**

**(1) determined using generally accepted actuarial standards;**

**(2) set to fund at least one hundred percent (100%) of the self-insured risk retained by the members in a fiscal year plus the other costs of the cooperative program, including premiums for aggregate insurance coverage and specific insurance coverage; and**

**(3) approved by the commissioner.**

**Sec. 10. (a) An interlocal agreement entered into under section 7 of this chapter must:**

**(1) establish the cooperative program as a separate legal entity; and**

**(2) specify the organization, composition, and powers of the governing authority of the cooperative program as required by IC 36-1-7-3.**

**(b) The governing authority of the cooperative program shall adopt bylaws concerning the following:**

**(1) A financial plan setting forth in general terms:**

**(A) the types of risks covered under the cooperative program;**

**(B) the aggregate limit on the total amount of self-insured risk retained by the cooperative program in a fiscal year;**

**(C) the minimum amount of specific insurance coverage and aggregate insurance coverage that must be maintained by the cooperative program; and**

**(D) the procedure for determining each member's annual contribution to the self-insurance fund.**

**(2) A plan of management that provides for:**

**(A) the responsibility of the governing authority with regard to:**

**(i) maintaining the amount of reserves in the self-insurance fund;**

**(ii) disposing of surpluses; and**

**(iii) administering the cooperative program in the event of termination;**

**(B) the basis on which new members may be admitted to and existing members may leave the cooperative program, including a provision specifying that an existing member may not leave the cooperative program unless the member's departure is specifically approved by the commissioner; and**

**(C) other provisions necessary or desirable for the operation of the cooperative program.**

**(c) The following must be submitted to and approved by the**

**commissioner before a cooperative program may commence operations:**

**(1) The interlocal agreement described in subsection (a).**

**(2) The bylaws described in subsection (b).**

**(3) The form and purchase by the cooperative program of any insurance contracts, including contracts for aggregate insurance coverage and specific insurance coverage.**

**(4) An accounting, based on generally accepted actuarial standards, of sufficient reserves committed before commencement of operations to pay obligations of the cooperative program.**

**(5) Each coverage document form to be issued by the cooperative program.**

**(6) Any other information determined necessary by the commissioner.**

**(d) If the commissioner does not disapprove the information submitted under subsection (c) earlier than thirty (30) days after the information is submitted, the information is considered approved.**

**Sec. 11. (a) A cooperative program shall have an annual audit performed by an independent certified public accounting firm according to guidelines established by the state board of accounts.**

**(b) Not later than one hundred eighty (180) calendar days after the close of a cooperative program's fiscal year, the cooperative program must furnish the cooperative program's members with audited financial statements certified by an independent certified public accounting firm.**

**(c) Copies of the audit report and certified financial statements required under this section must be provided to the commissioner and the state board of accounts not later than one hundred eighty (180) calendar days after the close of the cooperative program's fiscal year.**

**(d) If a cooperative program fails to have the annual audit performed as required by subsection (a), the commissioner shall cause the audit to be performed at the expense of the cooperative program.**

**(e) The working papers of the certified public accountant and other records pertaining to the preparation of the audited financial statements required under this section may be reviewed by the commissioner.**

**Sec. 12. The assets of a cooperative program must be:**

**(1) treated as a joint investment fund under IC 20-5-11-5; and**

**(2) invested under IC 5-13-9 in the same manner as other public funds.**

**Sec. 13. Not later than sixty (60) calendar days after the beginning of a cooperative program's fiscal year, the governing authority shall submit the following to the commissioner:**

**(1) A copy of the bylaws adopted by the cooperative program.**

**(2) A copy of each coverage document form issued by the cooperative program.**

**(3) A copy of the insurance contracts purchased by the cooperative program, including contracts for aggregate insurance coverage and specific insurance coverage.**

**(4) A copy of the interlocal agreement.**

**Sec. 14. (a) If a cooperative program fails to comply with the requirements of this chapter, the commissioner shall issue a notice of noncompliance to the cooperative program.**

**(b) Not later than thirty (30) calendar days after a cooperative program receives a notice of noncompliance under subsection (a), the cooperative program shall file with the commissioner a written request for time to restore compliance and a plan to restore compliance.**

**(c) The commissioner, on receiving the written request and plan to restore compliance filed under subsection (b), may allow a period of one (1) year or less, as determined by the commissioner, during which the cooperative program may restore compliance.**

**(d) If a plan to restore compliance is:**

**(1) not filed under subsection (b);**

**(2) filed under subsection (b) and not approved by the commissioner; or**

**(3) filed under subsection (b) and approved by the commissioner, and at the end of the period determined by the commissioner under subsection (c) the cooperative program is not in compliance with this chapter;**

**the commissioner may grant additional time to comply, or the commissioner may suspend, limit, or terminate the authority of the cooperative program to do business in this state.**

**(e) A cooperative program is subject to IC 27-9.**

**(f) A cooperative program shall be considered a member insurer for purposes of IC 27-6-8.**

**Sec. 15. (a) Motor vehicle coverage provided by a cooperative program must provide the ability for a member to respond in damages for liability arising out of the ownership, maintenance, or use of a motor vehicle in amounts at least equal to the amounts required under IC 9-25-4.**

**(b) A member that participates in the motor vehicle coverage provided by a cooperative program is considered to meet the financial responsibility requirements set forth in IC 9-25-4, and an application for a certificate of self-insurance under IC 9-25-4-11 is not required.**

**Sec. 16. Information regarding the:**

**(1) portion of funds; or**

**(2) liability reserve;**

**established by a cooperative program to satisfy a specific claim or cause of action is confidential and is not subject to subpoena or order to produce, except in a supplementary or an ancillary proceeding to enforce a judgment. This section does not prohibit the commissioner from obtaining the information described in this section.**

**Sec. 17. The department of insurance may adopt rules under IC 4-22-2 to implement this chapter.**

SECTION 6. IC 21-2-5.6-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. The self-insurance fund may be used to provide monies for the following purposes:

(1) the payment of any judgment rendered against the school corporation, or rendered against any officer or employee of the school corporation for which the school corporation is liable under IC 34-13-2, IC 34-13-3, or IC 34-13-4 (or IC 34-4-16.5, IC 34-4-16.6, or IC 34-4-16.7 before their repeal);

(2) the payment of any claim or settlement for which the school corporation is liable pursuant to IC 34-13-2, IC 34-13-3, or IC 34-13-4 (or IC 34-4-16.5, IC 34-4-16.6, or IC 34-4-16.7 before their repeal);

(3) the payment of any premium, management fee, claim, or settlement for which the school corporation is liable pursuant to any federal or state statute including but not limited to payments pursuant to IC 22-3 and IC 22-4; ~~or~~

(4) the payment of any settlement or claim for which insurance coverage is permitted under IC 20-5-2-2(14); **or**

**(5) the payment of a contribution to the self-insurance fund of a cooperative risk management program under IC 20-5-2.7-9.**

SECTION 7. IC 27-6-8-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. **(a)** This chapter applies to all kinds of direct insurance except:

(1) life, annuity, health, or disability insurance;

(2) mortgage guaranty, financial guaranty, or other forms of insurance offering protection against investment risks;

(3) fidelity or surety bonds, or any other bonding obligations;

(4) credit insurance, vendors' single interest insurance, or collateral protection insurance or similar insurance with the primary purpose of protecting the interests of a creditor arising out of a creditor-debtor transaction;

(5) warranty or service contract insurance;

(6) title insurance;

(7) ocean marine insurance;

(8) a transaction between a person or an affiliate of a person and an insurer or an affiliate of an insurer that involves the transfer of investment or credit risk without a transfer of insurance risk;

(9) insurance provided by or guaranteed by a government entity; and

(10) insurance written on a retroactive basis to cover known

losses for which a claim has already been made and the claim is known to the insurer at the time the insurance is bound.

**(b) This chapter applies to coverage provided under a cooperative program established under IC 20-5-2.7. For purposes of this chapter, a cooperative program is considered to be a member insurer.**".

Page 4, line 15, delete "The insurer will include in its enrollment".

Page 4, delete line 16.

Page 7, between lines 7 and 8, begin a new paragraph and insert:

"**(f) An insurer that issues a policy described in this section shall include in the insurer's enrollment materials information concerning the manner in which a person insured under the policy may obtain a certificate described in subsection (c)(8).**

SECTION 9. IC 27-9-1-1, AS AMENDED BY P.L.5-2000, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. Proceedings under this article apply to the following:

(1) All insurers who are doing, or who have done, insurance business in Indiana, and against whom claims arising from that business may exist.

(2) All insurers who purport to do insurance business in Indiana.

(3) All insurers who have insureds resident in Indiana.

(4) All other persons organized or in the process of organizing with the intent to do an insurance business in Indiana.

(5) All nonprofit service plans, fraternal benefit societies, and beneficial societies.

(6) All title insurance companies.

(7) All health maintenance organizations under IC 27-13.

(8) All multiple employer welfare arrangements under IC 27-1-34.

(9) All limited service health maintenance organizations under IC 27-13-34.

(10) All mutual insurance holding companies under IC 27-14.

**(11) All cooperative programs established under IC 20-5-2.7.**".

Page 7, delete lines 16 through 24, begin a new paragraph and insert:

"**(c) A health maintenance organization shall include in the health maintenance organization's enrollment materials information concerning the manner in which a subscriber may obtain an evidence of coverage.**".

Page 7, line 39, delete "The" and insert "**A**".

Page 7, line 39, delete "will" and insert "**shall**".

Page 7, line 40, delete "its" and insert "**the limited service health maintenance organization's**".

Page 7, line 40, delete "on how to" and insert "**concerning the manner in which a subscriber may**".

Page 7, line 40, after "obtain" insert "**an**".

Page 7, after line 41, begin a new paragraph and insert:

"SECTION 12. [EFFECTIVE JULY 1, 2004] **IC 6-3-1-3.5, as amended by this act, applies only to taxable years beginning after December 31, 2004.**

SECTION 13. [EFFECTIVE JULY 1, 2004] **IC 6-3.1-25, as added by this act, applies only to taxable years that begin after December 31, 2004.**

SECTION 14. **An emergency is declared for this act.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 251 as reprinted January 28, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 11, nays 3.

FRY, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Appointments and Claims, to which was referred Engrossed Senate Bill 252, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 9, nays 0.

HARRIS, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Engrossed Senate Bill 257, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-19-13 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 13. (a) This section applies to a levy for a fund other than a school corporation's general fund.**

**(b) A school corporation may appeal to the department of local government finance under this chapter for the purpose of making up a shortfall that has resulted:**

**(1) whenever:**

**(A) erroneous assessed valuation figures were provided to the school corporation;**

**(B) erroneous figures were used to determine the school corporation's total property tax rate; and**

**(C) the school corporation's levy for the fund was reduced under IC 6-1.1-17-16(d);**

**(2) because of the payment of refunds that resulted from appeals under this article and IC 6-1.5; or**

**(3) because of a delinquent taxpayer.**

**(c) With respect to each appeal petition:**

**(1) that is delivered to the tax control board by the department of local government finance under section 4.1 of this chapter;**

**(2) that includes a request under this section to make up a shortfall; and**

**(3) for which the tax control board finds that the sum of:**

**(A) the balance in the school corporation's levy excess fund that is available to replace the lost revenue to a fund due to a shortfall; and**

**(B) the property taxes collected for the school corporation;**

**is less than ninety-nine percent (99%) of the school corporation's property tax levy for the fund in that year, as finally approved by the department of local government finance;**

**the tax control board may recommend to the department of local government finance that the school corporation take the action described in subsection (d) and shall recommend to the department of local government finance that the school corporation take the action described in subsection (e).**

**(d) The tax control board may recommend that the school corporation be given financial relief from the state, on terms to be specified by the tax control board in the board's recommendation, in the form of:**

**(1) a grant or grants from any funds of the state that are available for such a purpose;**

**(2) a loan or loans from any funds of the state that are available for such a purpose;**

**(3) permission to the appellant school corporation to borrow funds from a source other than the state or to receive assistance in obtaining the loan; or**

**(4) an advance or advances of funds that will become payable to the appellant school corporation under any law providing for the payment of state funds to school corporations.**

**(e) The tax control board shall recommend that the school corporation be permitted to collect an additional levy for the affected fund for a specified calendar year in the amount of the difference between:**

**(1) the school corporation's property tax levy for a particular year, as finally approved by the department of local government finance; and**

**(2) the school corporation's actual property tax collections, plus any balance in the school corporation's levy excess fund that is available to replace the lost revenue in the fund.**

**(f) Each recommendation made by the tax control board under this section shall specify the amount of the additional levy. The**

**department of local government finance shall authorize the school corporation to make the additional levy in accordance with the recommendation without any other proceeding. Whenever the department of local government finance authorizes an additional levy under this subsection, the department shall take appropriate steps to ensure that the proceeds of the excessive tax levy are first used to repay any loan or advance authorized after a recommendation under subsection (d).**

**(g) The:**

**(1) ad valorem property tax rate limits; and**

**(2) ad valorem property tax levy limits;**

**imposed by any other law on a fund do not apply to an additional ad valorem property tax levy authorized under this section.**

**(h) For purposes of computing the ad valorem property tax levy limit imposed on a fund under any other law, the school corporation's ad valorem property tax levy for a particular year does not include that part of the levy for the fund that is attributable to an additional ad valorem property tax levy authorized under this section.**

SECTION 2. IC 6-1.1-21-2, AS AMENDED BY P.L.1-2004, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means property taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which, under IC 6-1.1-22-5, is to be filed on or before March 1 of each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

(i) IC 21-2-15 for a capital projects fund; plus

(ii) IC 6-1.1-19-10 for a racial balance fund; plus

(iii) IC 20-14-13 for a library capital projects fund; plus

(iv) IC 20-5-17.5-3 for an art association fund; plus

(v) IC 21-2-17 for a special education preschool fund; plus

(vi) IC 21-2-11.6 for a referendum tax levy fund; plus

(vii) an appeal filed under IC 6-1.1-19-5.1 for an increase in a school corporation's maximum permissible general fund levy for certain transfer tuition costs; ~~plus~~

(viii) an appeal filed under IC 6-1.1-19-5.4 for an increase in a school corporation's maximum permissible general fund levy for transportation operating costs; **plus**

**(ix) an appeal filed under IC 6-1.1-19-13 for the purpose of making up a shortfall; plus**

**(x) IC 21-2-11.5-3(b)(2) for a school transportation fund, including any increase in that amount in a subsequent year attributable to the annual application of the assessed value growth determined under IC 21-2-11.5-3(c) to the amount;** minus

(H) the amount of property taxes imposed by a school corporation that is attributable to the passage, after 1983, of a referendum for an excessive tax levy under IC 6-1.1-19, including any increases in these property taxes that are attributable to the adjustment set forth in IC 6-1.1-19-1.5 or any other law; minus

(I) for each township in the county, the lesser of:

(i) the sum of the amount determined in IC 6-1.1-18.5-19(a) STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE, whichever is applicable, plus the part, if any, of the township's ad valorem property tax levy for calendar year 1989 that represents increases in that levy that resulted from an appeal described in IC 6-1.1-18.5-13(4) filed after December 31, 1982; or

(ii) the amount of property taxes imposed in the township for the stated assessment year under the authority of IC 36-8-13-4; minus

(J) for each participating unit in a fire protection territory established under IC 36-8-19-1, the amount of property taxes levied by each participating unit under IC 36-8-19-8 and IC 36-8-19-8.5 less the maximum levy limit for each of the participating units that would have otherwise been available for fire protection services under IC 6-1.1-18.5-3 and IC 6-1.1-18.5-19 for that same year; minus

(K) for each county, the sum of:

(i) the amount of property taxes imposed in the county for the repayment of loans under IC 12-19-5-6 (repealed) that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or for property taxes payable in each year after 1995, the amount determined under IC 12-19-7-4(b); and

(ii) the amount of property taxes imposed in the county attributable to appeals granted under IC 6-1.1-18.6-3 that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or the amount determined under IC 12-19-7-4(b) for property taxes payable in each year after 1995; plus

(2) all taxes to be paid in the county in respect to mobile home assessments currently assessed for the year in which the taxes stated in the abstract are to be paid; plus

(3) the amounts, if any, of county adjusted gross income taxes that were applied by the taxing units in the county as property tax replacement credits to reduce the individual levies of the taxing units for the assessment year, as provided in IC 6-3.5-1.1; plus

(4) the amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated assessment year; plus

(5) the difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR; minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year certified shares under IC 6-1.1-18.5-3(e).

(h) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes which each county auditor is required to prepare on or before March 1 of each year under IC 6-1.1-22-3.

(j) "Eligible property tax replacement amount" is equal to the sum of the following:

(1) Sixty percent (60%) of the total county tax levy imposed by each school corporation in a county for its general fund for a stated assessment year.

(2) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on real property for a stated assessment year.

(3) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on tangible personal property, excluding business personal property, for an assessment year.

(k) "Business personal property" means tangible personal property (other than real property) that is being:

(1) held for sale in the ordinary course of a trade or business; or

(2) held, used, or consumed in connection with the production of income.

(l) "Taxpayer's property tax replacement credit amount" means the sum of the following:

(1) Sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year.

(2) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property.

(3) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

(m) "Tax liability" means tax liability as described in section 5 of this chapter.

(n) "General school operating levy" means the ad valorem property tax levy of a school corporation in a county for the school corporation's general fund.

SECTION 3. IC 20-3-11-22, AS AMENDED BY P.L.2-2002, SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 22. (a) The board of school commissioners may not create any debt in excess of twenty-five thousand dollars ($25,000) in the aggregate, except as otherwise provided in this chapter, and except further debts as are on or after March 9, 1931, authorized by the general school laws of Indiana, including within the latter exception, but not by way of limitation, ~~IC 21-4-20 and~~ IC 20-5-1 through IC 20-5-6.

(b) Notwithstanding the provisions of subsection (a), the board is liable upon its lawful contracts with persons rendering services and furnishing materials incident to the ordinary current operations of its schools if the contracts have been entered into as provided in this chapter and in accordance with law. The obligations of the board to persons rendering services or furnishing materials may not be considered to be limited or prohibited by any of the provisions of this chapter.

(c) If the compensation to be paid for the purchase of any real estate or interest in real estate required by the board for its purposes cannot be agreed upon or determined by the board and the persons owning or having an interest in the land desired for its purposes or sites, the board of school commissioners has the power of eminent domain and shall proceed to have the compensation determined and to acquire the title to the real estate or interest in the real estate by action in court under IC 32-24. The right and power of the board to own and acquire real estate and interests in real estate in any of the manners and for any of the purposes specified in this chapter or by the general school laws of this state may not be limited to real estate situated within the corporate boundaries of the civil city in which any school city is located. However, the right and power to acquire and own real estate extends to any parcel or trace of real estate the whole of which is situated:

(1) within one-half (1/2) mile of the nearest point on the corporate boundary of the civil city; or

(2) within, or within one-half (1/2) mile of the nearest point on the boundary of, any platted territory lying outside but contiguous to, or contiguous to another platted territory that is contiguous to, the corporate boundary of the civil city.

(d) "Platted territory", as used in subsection (c), means any territory or land area of which a plat has been recorded in the manner provided by the laws of Indiana pertaining to the recording of plats of land.

(e) Before acquiring any real estate or interest in real estate outside the corporate limits of the civil city, the board must, by resolution made a matter of record in its corporate minutes, find and determine that, in the judgment of the board, the real estate or interest in real estate to be acquired will be needed for the future purposes of the board. This chapter does not limit the right of any board to accept, own, and hold real estate or interest in real estate, wherever situated, that is acquired by the board by gift or devise.

SECTION 4. IC 20-5-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. As used in IC 20-5-1 through IC 20-5-6, the following terms shall have the following meanings:

(a) "School corporation": ~~shall mean~~

**(1) for purposes of a provision other than IC 20-5-4-8, means** any local public school corporation established under the laws of the state of Indiana, including but not limited to school cities, school towns, metropolitan school districts, consolidated school corporations, county school corporations, community school corporations, and united school corporations, excluding, however, school townships; **and**

**(2) for purposes of IC 20-5-4-8, means a local public school corporation described in subdivision (1) or a school township.**

(b) "Governing body" shall mean the board of commissioners charged by law with the responsibility of administering the affairs of a school corporation, including but not limited to a board of school commissioners, metropolitan board of education, board of school trustees, or board of trustees, and "member" shall mean a member of such governing body.

(c) "School purposes" shall mean the general purposes and powers provided in IC 20-5-2-1.2 and IC 20-5-2-2. However, the delineation of a specific power in IC 20-5-2-2 shall not be construed as a limitation on the general powers and purposes set out in IC 20-5-2-1.2.

SECTION 5. IC 20-5-4-1.7, AS AMENDED BY P.L.10-2003,

SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.7. (a) For purposes of this section, "retirement or severance liability" means the payments anticipated to be required to be made to employees of a school corporation upon or after the termination of their employment by the school corporation under an existing or previous employment agreement.

(b) In addition to the purposes set forth in section 1 of this chapter, a school corporation may issue bonds to implement solutions to contractual retirement or severance liability. The issuance of bonds for this purpose is subject to the following limitations:

(1) **Except as provided in subsection (g),** a school corporation may issue bonds for the purpose described in this section only one (1) time.

(2) The solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's existing unfunded contractual liability for retirement or severance payments, as of June 30, 2001.

(3) **Subject to subsection (g),** the amount of the bonds that may be issued for the purpose described in this section may not exceed two percent (2%) of the true tax value of property in the school corporation.

(4) Each year that a debt service levy is needed under this section, the school corporation shall reduce its total property tax levy for the school corporation's transportation, school bus replacement, capital projects, or art association and historical society funds in an amount equal to the property tax levy needed for the debt service under this section. The property tax rate for each of these funds shall be reduced each year until the bonds are retired.

(5) A school corporation that issues bonds under this section shall establish a separate debt service fund for repayment of the bonds.

(c) Bonds issued for the purpose described in this section shall be issued in the same manner as other bonds of the school corporation.

(d) Bonds issued under this section ~~must be~~ **are valid if either of the following apply:**

**(1) The bonds are** issued before December 31, 2004.

**(2) The school corporation submits to the department of local government finance before January 1, 2005, a proposal concerning the issuance of bonds under this section to implement solutions for the school corporation's retirement or severance liability, and the school corporation issues the bonds before January 1, 2006.**

(e) Bonds issued under this section are not subject to the petition and remonstrance process under IC 6-1.1-20.

(f) Bonds issued under this section are not subject to the limitations contained in IC 36-1-15.

**(g) A school corporation may issue bonds under this subsection after December 31, 2005, for the purpose described in this section one (1) time in addition to the issuance of bonds under subsection (b) if:**

**(1) the school corporation issued bonds under subsection (b) before April 14, 2003; and**

**(2) the bonds referred to in subdivision (1) are retired before the issuance of bonds under this subsection.**

**The average annual debt service on bonds issued under this subsection may not exceed the average annual debt service on the bonds referred to in subdivision (1). Except as provided in this subsection, bonds issued under this subsection are subject to the limitations in subsection (b).**

SECTION 6. IC 20-5-4-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) Whenever the governing board of a school corporation finds and declares that an emergency exists for the borrowing of money with which to pay current expenses from a particular fund before the receipt of revenues from taxes levied or state tuition support distributions for such fund, the governing board may issue warrants in anticipation of the receipt of said revenues.

(b) The principal of these warrants shall be payable solely from the fund for which the taxes are levied or from the general fund in the case of anticipated state tuition support distributions. However, the interest on these warrants may be paid from the debt service fund, from the fund for which the taxes are levied, or the general fund in the case of anticipated state tuition support distributions.

(c) The amount of principal of temporary loans maturing on or before June 30 for any fund shall not exceed **the sum of:**

**(1)** eighty percent (80%) of the amount of taxes **(determined without consideration of the amount of taxes referred to in subdivision (2))** and state tuition support distributions estimated to be collected or received for and distributed to the fund at the June settlement; **plus**

**(2) one hundred percent (100%) of the amount of taxes that are:**

**(A) imposed as the result of emergency relief authorized by the department of local government finance under IC 6-1.1-19-4.7; and**

**(B) estimated to be collected or received for and distributed to the fund at the June settlement.**

(d) The amount of principal of temporary loans maturing after June 30, and on or before December 31, shall not exceed **the sum of:**

**(1)** eighty percent (80%) of the amount of taxes **(determined without consideration of the amount of taxes referred to in subdivision (2))** and state tuition support distributions estimated to be collected or received for and distributed to the fund at the December settlement; **plus**

**(2) one hundred percent (100%) of the amount of taxes that are:**

**(A) imposed as the result of emergency relief authorized by the department of local government finance under IC 6-1.1-19-4.7; and**

**(B) estimated to be collected or received for and distributed to the fund at the December settlement.**

(e) At each settlement, the amount of taxes and state tuition support distributions estimated to be collected or received for and distributed to the fund includes any allocations to the fund from the property tax replacement fund.

(f) The estimated amount of taxes and state tuition support distributions to be collected or received and distributed shall be made by the county auditor or the auditor's deputy. **Except as provided in subsection (i),** the warrants evidencing any loan in anticipation of tax revenue or state tuition support distributions shall not be delivered to the purchaser of the warrant nor payment made on the warrant before January 1 of the year the loan is to be repaid. However, the proceedings necessary to the loan may be held and carried out before January 1 and before the approval. The loan may be made even though a part of the last preceding June or December settlement has not yet been received.

(g) Proceedings for the issuance and sale of warrants for more than one (1) fund may be combined, but separate warrants for each fund shall be issued and each warrant shall state on its face the fund from which its principal is payable. No action to contest the validity of such warrants shall be brought later than fifteen (15) days from the first publication of notice of sale.

(h) No issue of tax or state tuition support anticipation warrants shall be made if the aggregate of all these warrants exceed twenty thousand dollars ($20,000) until the issuance is advertised for sale, bids received, and an award made by the governing board as required for the sale of bonds, except that the sale notice need not be published outside of the county nor more than ten (10) days before the date of sale.

**(i) A warrant evidencing any loan in anticipation of tax revenue referred to in subsections (c)(2) and (d)(2) may be issued and delivered to the purchaser of the warrant at any time after the emergency financial relief is authorized by the department of local government finance as described in those subsections.**".

Page 3, between lines 20 and 21, begin a new paragraph and insert:

"SECTION 8. IC 21-2-11-4, AS AMENDED BY P.L.224-2003, SECTION 145, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Any lawful school expenses payable from any other fund of the school corporation, including without limitation debt service and capital outlay, but excluding costs attributable to transportation (as defined in IC 21-2-11.5-2), may be budgeted in and paid from the general fund. However, after June 30, 2003, and before July 1, 2005, a school corporation may budget for and pay costs attributable to

transportation (as defined in IC 21-2-11.5-2) from the general fund.

(b) In addition, remuneration for athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-6.1-3) may be budgeted in and paid from the school corporation's general fund.

(c) During the period beginning July 1, 2003, and ending June 30, 2005, **the** school corporation may transfer money in a fund maintained by the school corporation (other than the special education preschool fund (IC 21-2-17-1) or the school bus replacement fund (IC 21-2-11.5-2)) that is obtained from:

(1) a source other than a state distribution or local property taxation; or

(2) a state distribution or a property tax levy that is required to be deposited in the fund;

to any other fund. A transfer under subdivision (2) may not be the sole basis for reducing the property tax levy for the fund from which the money is transferred or the fund to which money is transferred. Money transferred under this subsection may be used only to pay costs, including debt service, attributable to reductions in funding for transportation distributions under IC 21-3-3.1, including reimbursements associated with transportation costs for special education and vocational programs under IC 21-3-3.1-4, and ADA flat grants under IC 21-3-4.5. The property tax levy for a fund from which money was transferred may not be increased to replace the money transferred to another fund.

(d) The total amount transferred under subsection (c) may not exceed the following:

(1) For the period beginning July 1, 2003, and ending June 30, 2004, the total amount of state funding received for transportation distributions under IC 21-3-3.1, including reimbursements associated with transportation costs for special education and vocational programs under IC 21-3-3.1-4, and ADA flat grants under IC 21-3-4.5 for the same period.

(2) For the period beginning July 1, 2004, and ending June 30, 2005, the product of:

(A) the amount determined under subdivision (1) **(reduced by any amount levied under IC 21-2-11.5-3(b)(2));** multiplied by

(B) two (2).

SECTION 9. IC 21-2-11.5-3, AS AMENDED BY P.L.1-2004, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Subject to subsection (b), each school corporation may levy for the calendar year a property tax for the school transportation fund sufficient to pay all operating costs attributable to transportation that:

(1) are not paid from other revenues available to the fund as specified in section 4 of this chapter; and

(2) are listed in section 2(a)(1) through 2(a)(7) of this chapter.

(b) For each year after 2003, the levy for the fund may not exceed:

**(1)** the **amount determined by multiplying:**

**(A) the school corporation's** levy **for the school transportation fund** for the previous year, as that levy was determined by the department of local government finance in fixing the ~~civil taxing unit's~~ **school corporation's** budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year; ~~multiplied~~ by

**(B)** the assessed value growth quotient determined under **subsection (c)** STEP FOUR; **plus**

**(2) the amount determined under subsection (d).**

**(c) For purposes of subsection (b), the assessed value growth quotient is the amount determined under STEP FOUR** of the following formula:

STEP ONE: For each of the six (6) calendar years immediately preceding the year in which a budget is adopted under IC 6-1.1-17-5 or IC 6-1.1-17-5.6 for part or all of the ensuing calendar year, divide the Indiana nonfarm personal income for the calendar year by the Indiana nonfarm personal income for the calendar year immediately preceding that calendar year, rounding to the nearest one-thousandth (0.001).

STEP TWO: Determine the sum of the STEP ONE results.

STEP THREE: Divide the STEP TWO result by six (6), rounding to the nearest one-thousandth (0.001).

STEP FOUR: Determine the lesser of the following:

(A) The STEP THREE quotient.

(B) One and six-hundredths (1.06).

If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year shall be reduced by the amount of surplus money.

**(d) A school corporation may increase its school transportation fund levy for the ensuing year above the amount determined under subsection (b)(1) by the amount determined under STEP TWO of the following formula:**

**STEP ONE: Determine the total amount of state funding received by the school corporation for transportation costs:**

**(A) under IC 21-3-3.1-1 through IC 21-3-3.1-3; and**

**(B) for special education and vocational programs under IC 21-3-3.1-4;**

**after June 30, 2003, and before July 1, 2004, multiplied by two (2).**

**STEP TWO: Decrease the STEP ONE amount by the amount by which the school corporation used any part of the STEP ONE amount to increase its school transportation fund levy under subsection (b)(2) in any previous year.**

~~(c)~~ **(e)** Each school corporation may levy for the calendar year a tax for the school bus replacement fund in accordance with the school bus acquisition plan adopted under section 3.1 of this chapter.

~~(d)~~ **(f)** The tax rate and levy for each fund shall be established as a part of the annual budget for the calendar year in accord with IC 6-1.1-17.".

Page 13, between lines 2 and 3, begin a new paragraph and insert:

"SECTION 12. IC 20-5-4-1.7 IS REPEALED [EFFECTIVE JANUARY 1, 2007].

SECTION 13. P.L.10-2003, SECTION 3, IS REPEALED [EFFECTIVE JULY 1, 2004].

SECTION 14. IC 21-4-20 IS REPEALED [EFFECTIVE UPON PASSAGE].".

Page 14, between lines 17 and 18, begin a new paragraph and insert:

"SECTION 18. [EFFECTIVE JULY 1, 2004] **(a) After December 31, 2004, a school corporation may not issue bonds under IC 20-5-4-1.7, as amended by this act, unless the school corporation submits a proposal described in IC 20-5-4-1.7(d)(2), as amended by this act, to the department of local government finance before January 1, 2005.**

**(b) This SECTION expires January 1, 2007.**

SECTION 19. [EFFECTIVE UPON PASSAGE] **(a) IC 6-1.1-19-13, as added by this act, applies only to appeals filed to impose an additional levy for a year after December 31, 2004.**

**(b) IC 21-2-11.5-3, as amended by this act, applies to property taxes imposed for an assessment date after February 28, 2003, and first due and payable after December 31, 2003. The amendment of IC 21-2-11.5-3 by this act does not authorize a school corporation to impose a tax rate or tax levy in 2004 for a transportation fund that exceeds the tax rate, tax levy, or budget originally fixed by the school corporation for the year.**

SECTION 20. [EFFECTIVE UPON PASSAGE] **(a) This SECTION applies to a school corporation:**

**(1) that for property taxes first due and payable in 2004 qualified for emergency financial relief described in IC 6-1.1-19-4.7; and**

**(2) for which data available to the school corporation before the deadline in 2003 for filing an appeal for the emergency financial relief referred to in subdivision (1) was insufficient to determine whether the school corporation qualified for emergency financial relief under the appeal.**

**(b) A school corporation may:**

**(1) before December 31, 2004, appeal for emergency financial relief described in IC 6-1.1-19-4.7 for property taxes first due and payable in 2005 based on a shortfall that occurred with respect to property taxes first due and payable in 2003; and**

**(2) issue warrants under IC 20-5-4-8, as amended by this act, in anticipation of the receipt of property taxes first due and payable in 2005 imposed as the result of the approval of**

**emergency financial relief by the department of local government finance under the appeal referred to in subdivision (1).**

**(c) This SECTION expires January 1, 2006.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 257 as printed January 21, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 24, nays 0.

CRAWFORD, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred Engrossed Senate Bill 266, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 12, nays 0.

C. BROWN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Human Affairs, to which was referred Engrossed Senate Bill 271, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 6, line 16, delete "conduct a" and insert "**provide**".

Page 6, line 16, delete "hour" and insert "**hours of**".

Page 6, line 17, delete "program for" and insert "**to**".

Page 6, line 20, delete "services." and insert "**services, using teaching methods approved by the secretary of family and social services and the commissioner. The commissioner or the commissioner's designee may credit hours of substantially similar training received by an employee toward the required six (6) hours of training.**".

Page 9, line 13, delete "the".

Page 9, line 13, delete "department" and insert "**departments**".

Page 9, after line 25, begin a new paragraph and insert:

"SECTION 6. [EFFECTIVE JULY 1, 2004] **(a) IC 5-2-1-9, IC 11-8-2-8, and IC 11-12-4-4, all as amended by this act, do not require a training program for interacting with persons with mental illness, addictive disorders, mental retardation, and developmental disabilities until January 1, 2005.**

**(b) This SECTION expires January 1, 2005.**

SECTION 7. [EFFECTIVE JULY 1, 2004] **(a) IC 11-12-2-1, as amended by this act, does not apply to the issuing of community corrections grants that provide alternative sentencing projects for persons with mental illness, addictive disorders, mental retardation, and developmental disabilities by the commissioner of the department of correction until January 1, 2005.**

**(b) This SECTION expires January 1, 2005.**

SECTION 8. [EFFECTIVE JULY 1, 2004] **(a) IC 11-13-1-8, as amended by this act, does not require the judicial conference of Indiana, the division of mental health, and the division of disability, aging, and rehabilitative services to provide probation departments with training and technical assistance concerning mental illness, addictive disorders, mental retardation, and developmental disabilities until January 1, 2005.**

**(b) This SECTION expires January 1, 2005.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 271 as printed January 30, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 11, nays 0.

SUMMERS, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Engrossed Senate Bill 272, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 19, after "(b)" insert "**before July 1, 2006,**".

Page 3, delete lines 2 through 42.

Page 4, delete lines 1 through 10.

Page 4, line 21, delete ";" and insert "**that is completely inactive or closed; or**".

Page 4, line 22, after "(2)" insert "**either:**".

Page 4, line 22, before "a" begin a new line double block indented and insert:

"**(A)**".

Page 4, line 23, delete "(3)", begin a new line double block indented and insert:

"**(B)**".

Page 4, line 25, delete "(4)" begin a new line double block indented and insert:

"**(C)**".

Page 4, line 26, after "IC 6-3.1-11.5" delete "." and insert "**;**".

Page 4, between lines 26 and 27, begin a new line block indented and insert:

"**for a military base (as defined in IC 36-7-30-1(c)) that is completely inactive or closed.**".

Page 8, line 8, delete "subsection" and insert "**section**".

Page 8, between lines 37 and 38, begin a new paragraph and insert:

"SECTION 5. IC 36-7-32-11, AS ADDED BY P.L.192-2002(ss), SECTION 187, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 11. (a) After receipt of an application under section 10 of this chapter, and subject to subsection (b), the department of commerce may designate a certified technology park if the department determines that the application demonstrates a firm commitment from at least one (1) business engaged in a high technology activity creating a significant number of jobs and satisfies one (1) or more of the following additional criteria:

(1) A demonstration of significant support from an institution of higher education, ~~or~~ a private research based institute, **or a military research and development or testing facility on an active United States government military base or other military installation** located within, or in the vicinity of, the proposed certified technology park, as evidenced by the following criteria:

(A) Grants of preferences for access to and commercialization of intellectual property.

(B) Access to laboratory and other facilities owned by or under the control of the institution of higher education or private research based institute.

(C) Donations of services.

(D) Access to telecommunications facilities and other infrastructure.

(E) Financial commitments.

(F) Access to faculty, staff, and students.

(G) Opportunities for adjunct faculty and other types of staff arrangements or affiliations.

(H) Other criteria considered appropriate by the department.

(2) A demonstration of a significant commitment by the institution of higher education, ~~or~~ private research based institute, **or military research and development or testing facility on an active United States government military base or other military installation** to the commercialization of research produced at the certified technology park, as evidenced by the intellectual property and, if applicable, tenure policies that reward faculty and staff for commercialization and collaboration with private businesses.

(3) A demonstration that the proposed certified technology park will be developed to take advantage of the unique characteristics and specialties offered by the public and private resources available in the area in which the proposed certified technology park will be located.

(4) The existence of or proposed development of a business incubator within the proposed certified technology park that exhibits the following types of resources and organization:

(A) Significant financial and other types of support from the public or private resources in the area in which the proposed certified technology park will be located.

(B) A business plan exhibiting the economic utilization and availability of resources and a likelihood of successful

development of technologies and research into viable business enterprises.

(C) A commitment to the employment of a qualified full-time manager to supervise the development and operation of the business incubator.

(5) The existence of a business plan for the proposed certified technology park that identifies its objectives in a clearly focused and measurable fashion and that addresses the following matters:

(A) A commitment to new business formation.

(B) The clustering of businesses, technology, and research.

(C) The opportunity for and costs of development of properties under common ownership or control.

(D) The availability of and method proposed for development of infrastructure and other improvements, including telecommunications technology, necessary for the development of the proposed certified technology park.

(E) Assumptions of costs and revenues related to the development of the proposed certified technology park.

(6) A demonstrable and satisfactory assurance that the proposed certified technology park can be developed to principally contain property that is primarily used for, or will be primarily used for, a high technology activity or a business incubator.

(b) The department of commerce may not approve an application that would result in a substantial reduction or cessation of operations in another location in Indiana in order to relocate them within the certified technology park.".

Page 8, line 38, delete "IC 6-3-2-1, as".

Page 8, line 39, delete "amended by this act, and IC 6-3-2-1.5 and".

Page 8, line 39, delete "both".

Page 8, line 40, delete "apply" and insert "**applies**".

Renumber all SECTIONS consecutively.

(Reference is to SB 272 as reprinted February 3, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 26, nays 0.

CRAWFORD, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred Engrossed Senate Bill 285, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 10, nays 1.

C. BROWN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Engrossed Senate Bill 286, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-1-13.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: **Sec. 13.5. (a) "Principal rental dwelling" refers to residential improvements to land that an individual with a leasehold interest in the property uses as the individual's principal place of residence, regardless of whether the individual is absent from the property while in a facility described in subsection (b).**

**(b) The term does not include any of the following:**

**(1) A hospital licensed under IC 16-21.**

**(2) A health facility licensed under IC 16-28.**

**(3) A facility licensed under IC 16-28.**

**(4) A Christian Science home or sanatorium.**

**(5) A group home licensed under IC 12-17.4 or IC 12-28-4.**

**(6) An establishment that serves as an emergency shelter for victims of domestic violence, homeless persons, or other similar purposes.**

**(7) A fraternity, sorority, or student cooperative housing organization described in IC 6-2.5-5-21.**

SECTION 2. IC 6-1.1-12-18, AS AMENDED BY P.L.90-2002, SECTION 110, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) If the assessed value of residential real property described in subsection (d) is increased because ~~it~~ **the property** has been rehabilitated, the owner may have deducted from the assessed value of the property an amount not to exceed the lesser of:

(1) the total increase in assessed value resulting from the rehabilitation; or

(2) nine thousand dollars ($9,000) per rehabilitated dwelling unit.

The owner is entitled to this deduction annually for a five (5) year period.

(b) For purposes of this section, the term "rehabilitation" means ~~significant~~ repairs, replacements, **remodelings, additions,** or **other** improvements to an existing structure ~~which are intended to~~ **that** increase the ~~livability, utility, safety, or~~ value of the property. ~~under rules adopted by the department of local government finance.~~

(c) For the purposes of this section, the term "owner" or "property owner" includes any person who has the legal obligation, or has otherwise assumed the obligation, to pay the real property taxes on the rehabilitated property.

(d) The deduction provided by this section applies only for the rehabilitation of residential real property which is located within this state and which is described in one (1) of the following classifications:

(1) a single family dwelling if before rehabilitation the assessed value (excluding any exemptions or deductions) of the improvements does not exceed eighteen thousand dollars ($18,000);

(2) a two (2) family dwelling if before rehabilitation the assessed value (excluding exemptions or deductions) of the improvements does not exceed twenty-four thousand dollars ($24,000); and

(3) a dwelling with more than two (2) family units if before rehabilitation the assessed value (excluding any exemptions or deductions) of the improvements does not exceed nine thousand dollars ($9,000) per dwelling unit.

**(e) If an assessed value increase referred to in subsection (a) is attributable to both rehabilitation and:**

**(1) a general reassessment of real property under IC 6-1.1-4-4; or**

**(2) an annual adjustment of the assessed value of real property under IC 6-1.1-4-4.5;**

**the township assessor shall determine the amount of the increase attributable to rehabilitation for purposes of determining the deduction provided by this section. In making the determination under this subsection, the township assessor shall consider any information contained in the application under section 20(e) of this chapter.**

SECTION 3. IC 6-1.1-12-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 19. **(a) Except as provided in subsection (b),** the deduction from assessed value provided by section 18 of this chapter is first available in the year in which the increase in assessed value resulting from the rehabilitation occurs and ~~shall continue~~ **continues** for **each of** the **immediately** following four (4) years in ~~the sixth (6th) year, the county auditor shall add the amount of the deduction to the assessed value of the real property.~~ **which the property owner remains the owner of the property as of the assessment date.**

**(b) A property owner may:**

**(1) in a year after the year referred to in subsection (a), obtain a deduction that:**

**(A) would otherwise first apply for the assessment date in 2004 or a later year; and**

**(B) was not made to the assessed value for any year; or**

**(2) obtain a deduction that:**

**(A) would otherwise have first applied for the assessment date in 2003 or an earlier year; and**

**(B) was not made to the assessed value for any year.**

**If the property owner obtains a deduction under this subsection, the deduction applies in the year for which the application is filed and continues for each of the immediately following four (4) years in which the property owner remains the owner of the property as of the assessment date.**

**(c)** A general reassessment of real property which occurs within the five (5) year period of the deduction does not affect the amount of the deduction.

SECTION 4. IC 6-1.1-12-20, AS AMENDED BY P.L.90-2002, SECTION 111, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. (a) A property owner who desires to obtain the deduction provided by section 18 of this chapter must file a certified deduction application, on forms prescribed by the department of local government finance, with the auditor of the county in which the rehabilitated property is located. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. Except as provided in subsection (b) **or (c),** the application must be filed before May 10 of the year in which the addition to assessed value is made.

(b) If notice of the addition to assessed value for any year is not given to the property owner before April 10 of that year, the application required by ~~this section~~ **subsection (a)** may be filed not later than thirty (30) days after the date ~~such a~~ **the** notice is mailed to the property owner at the address shown on the records of the township assessor.

(c) **An application for a deduction referred to in section 19(b) of this chapter with respect to an assessment date must be filed before the May 10 that next follows the assessment date.**

**(d)** The application required by this section shall contain the following information:

(1) A description of the property for which a deduction is claimed in sufficient detail to afford identification.

(2) Statements of the ownership of the property.

(3) The assessed value of the improvements on the property before rehabilitation.

(4) The number of dwelling units on the property.

(5) The number of dwelling units rehabilitated.

(6) The increase in assessed value resulting from the rehabilitation. ~~and~~

(7) The amount of deduction claimed.

~~(d)~~ **(e) The application required by this section may contain information to assist the township assessor in making the determination under section 18(e) of this chapter, including:**

**(1) fair market value appraisals before and after the rehabilitation; and**

**(2) general market data on the extent to which particular types of rehabilitation add to the value of a dwelling.**

**(f)** A deduction application filed under this section is applicable for:

**(1)** the year ~~in~~ **for** which the ~~increase in assessed value occurs~~ **deduction application is filed;** and ~~for~~

**(2) each of** the immediately following four (4) years **in which the property owner remains the owner of the property as of the assessment date;**

without any additional application being filed.

~~(e)~~ **(g)** On verification of an application by the assessor of the township in which the property is located, the county auditor shall make the deduction.

SECTION 5. IC 6-1.1-12-22, AS AMENDED BY P.L.90-2002, SECTION 112, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 22. (a) If the assessed value of property is increased because ~~it~~ **the property** has been rehabilitated and the owner has paid at least ten thousand dollars ($10,000) for the rehabilitation, the owner is entitled to have deducted from the assessed value of the property an amount equal to fifty percent (50%) of the increase in assessed value resulting from the rehabilitation. The owner is entitled to this deduction annually for a five (5) year period. However, the maximum deduction which a property owner may receive under this section for a particular year is:

(1) sixty thousand dollars ($60,000) for a single family dwelling unit; or

(2) three hundred thousand dollars ($300,000) for any other type of property.

(b) For purposes of this section, the term "property" means a building or structure which was erected at least fifty (50) years before the date of application for the deduction provided by this section. The term "property" does not include land.

(c) For purposes of this section, the term "rehabilitation" means ~~significant~~ repairs, replacements, **remodelings, additions,** or **other** improvements to an existing structure that ~~are intended to~~ increase the ~~livability, utility, safety, or~~ value of the property. ~~under rules adopted by the department of local government finance.~~

**(d) If an assessed value increase referred to in subsection (a) is attributable to both rehabilitation and:**

**(1) a general reassessment of real property under IC 6-1.1-4-4; or**

**(2) an annual adjustment of the assessed value of real property under IC 6-1.1-4-4.5;**

**the township assessor shall determine the amount of the increase attributable to rehabilitation for purposes of determining the deduction provided by this section. In making the determination under this subsection, the township assessor shall consider any information contained in the application under section 24(e) of this chapter.**

SECTION 6. IC 6-1.1-12-23, AS AMENDED BY P.L.129-2001, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 23. **(a) Except as provided in subsection (b),** the deduction from assessed value provided by section 22 of this chapter is first available ~~after the first assessment date following~~ **in the year in which the increase in assessed value resulting from** the rehabilitation **occurs** and ~~shall continue~~ **continues** for ~~the taxes first due and payable in~~ **each of** the **immediately** following ~~five (5)~~ **four (4)** years in ~~the sixth (6th) year, the county auditor shall add the amount of the deduction to the assessed value of the property.~~ **which the property owner remains the owner of the property as of the assessment date.**

**(b) A property owner may:**

**(1) in a year after the year referred to in subsection (a), obtain a deduction that:**

**(A) would otherwise first apply for the assessment date in 2004 or a later year; and**

**(B) was not made to the assessed value for any year; or**

**(2) obtain a deduction that:**

**(A) would otherwise have first applied for the assessment date in 2003 or an earlier year; and**

**(B) was not made to the assessed value for any year.**

**If the property owner obtains a deduction under this subsection, the deduction applies in the year for which the application is filed and continues for each of the immediately following four (4) years in which the property owner remains the owner of the property as of the assessment date.**

**(c)** Any general reassessment of real property which occurs within the five (5) year period of the deduction does not affect the amount of the deduction.

SECTION 7. IC 6-1.1-12-24, AS AMENDED BY P.L.90-2002, SECTION 113, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 24. (a) A property owner who desires to obtain the deduction provided by section 22 of this chapter must file a certified deduction application, on forms prescribed by the department of local government finance, with the auditor of the county in which the property is located. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. Except as provided in subsection (b) **or (c),** the application must be filed before May 10 of the year in which the addition to assessed ~~valuation~~ **value** is made.

(b) If notice of the addition to assessed ~~valuation~~ **value** for any year is not given to the property owner before April 10 of that year, the application required by ~~this section~~ **subsection (a)** may be filed not later than thirty (30) days after the date such a notice is mailed to the property owner at the address shown on the records of the township assessor.

(c) **An application for a deduction referred to in section 23(b) of this chapter with respect to an assessment date must be filed**

**before the May 10 that next follows the assessment date.**

**(d)** The application required by this section shall contain the following information:

(1) The name of the property owner.

(2) A description of the property for which a deduction is claimed in sufficient detail to afford identification.

(3) The assessed value of the improvements on the property before rehabilitation.

(4) The increase in the assessed value of improvements resulting from the rehabilitation. ~~and~~

(5) The amount of deduction claimed.

~~(d)~~ **(e) The application required by this section may contain information to assist the township assessor in making the determination under section 22(d) of this chapter, including:**

**(1) fair market value appraisals before and after the rehabilitation; and**

**(2) general market data on the extent to which particular types of rehabilitation add to the value of property.**

**(f)** A deduction application filed under this section is applicable for:

**(1)** the year ~~in~~ **for** which the ~~addition to assessed value is made~~ **deduction application is filed;** and ~~in~~

**(2) each of** the ~~immediate~~ **immediately** following four (4) years **in which the property owner remains the property owner as of the assessment date;**

without any additional application being filed.

~~(e)~~ **(g)** On verification of the correctness of an application by the assessor of the township in which the property is located, the county auditor shall make the deduction.

SECTION 8. IC 6-1.1-12-37, AS AMENDED BY P.L.192-2002(ss), SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: Sec. 37. (a) Each year a person who is entitled to receive the homestead credit provided under IC 6-1.1-20.9 for property taxes payable in the following year is entitled to a standard deduction from the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property that qualifies for the homestead credit. The auditor of the county shall record and make the deduction for the person qualifying for the deduction.

(b) Except as provided in section 40.5 of this chapter, the total amount of the deduction that a person may receive under this section for a particular year is the lesser of:

(1) one-half (1/2) of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property; or

(2) **for:**

**(A) 2003 and 2004,** thirty-five thousand dollars ($35,000); **and**

**(B) 2005 and thereafter, thirty-seven thousand dollars ($37,000).**

(c) A person who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section with respect to that real property, mobile home, or manufactured home.

SECTION 9. IC 6-1.1-12-43 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: **Sec. 43. (a) Subject to subsections (d) and (e), the owner of a building that contains one (1) or more principal rental dwellings is entitled to a deduction from the assessed value of the building and the land on which the building is located equal to the lesser of:**

**(1) fifty percent (50%) of the combined assessed value of the building and the land; or**

**(2) the product of:**

**(A) the number of principal rental dwellings in the building; multiplied by**

**(B) two thousand dollars ($2,000).**

**(b) A certificate of occupancy that complies with this subsection is prima facie evidence that a building and the land on which it is located contains the number of principal rental dwellings specified in the certificate. To comply with this subsection, the certificate of occupancy must:**

**(1) be prepared on a form prescribed by the department of local government finance;**

**(2) be signed under penalties of perjury by the owner of the building containing a rental unit or the principal officer of the entity owning the building; and**

**(3) indicate that:**

**(A) with respect to a building that contains one (1) rental unit, the unit was used as a principal rental dwelling; and**

**(B) with respect to a building that contains more than one (1) unit, substantially all the units in the building were used as principal rental dwelling units;**

**on an assessment date or within two (2) years before the assessment date.**

**(c) To obtain the deduction under this section, the:**

**(1) owner of the building containing a principal rental dwelling; or**

**(2) principal officer for the cooperative, common interest community, owner's association, or other entity owning the building;**

**must file a certified application in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the property is subject to assessment. The certified application must be filed before May 11 in the year containing the assessment date to which the application applies.**

**(d) If the owner of a building containing a principal rental dwelling is eligible to receive:**

**(1) a homestead credit for the building under IC 6-1.1-20.9; or**

**(2) the standard deduction for the building under section 37 of this chapter;**

**the owner may not claim the deduction provided under this section.**

**(e) If a parcel of land contains more than one (1) building for which a deduction is claimed under this section, the township assessor shall allocate the assessed value of the land among the buildings on the parcel in proportion to the assessed value of each building. The county auditor shall use the allocated assessed value of land under this section in determining the amount of the deduction that is to be granted under this section.**

SECTION 10. IC 6-1.1-20.6 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]:

**Chapter 20.6. Farmland Credit**

**Sec. 1. This chapter applies to an area of land that meets all the following criteria:**

**(1) Consists of one (1) or more contiguous tracts in the same county, disregarding any intervening public ways.**

**(2) Includes agricultural land.**

**(3) Contains total farm acreage of at least ten (10) acres.**

**(4) Is at least fifty percent (50%) devoted to farm production activities on a regular, substantial, and continuing basis during the year immediately preceding an assessment date.**

**(5) Is actively farmed during the year immediately preceding an assessment date by eligible individuals.**

**Sec. 2. As used in this chapter, "actively farm" means the following:**

**(1) Personal participation on a regular, substantial, and continuing basis, on land that is not leased to another person, in any of the following:**

**(A) Inspecting the farm production activities of the farm operation periodically, furnishing at least fifty percent (50%) of the value of the tools, and paying at least fifty percent (50%) of the direct cost of production.**

**(B) Regularly and frequently making or taking an important part in making management decisions substantially contributing to or affecting the success of the farm production activities.**

**(C) Performing physical work that significantly contributes to the farm production activities.**

**(2) Leasing the land to another person if the individuals who**

engaged in the activities described in subdivision (1) on the leased land are eligible individuals described in section 6(c) of this chapter.

Sec. 3. As used in this chapter, "agricultural land" means land assessed as agricultural land under IC 6-1.1-4-13.

Sec. 4. As used in this chapter, "application" refers to an application under this chapter.

Sec. 5. As used in this chapter, "eligible farm" refers to land described in section 1 of this chapter.

Sec. 6. (a) As used in this chapter, "eligible individuals" means any combination of individuals described in subsection (b) or (c).

(b) The following owners are eligible individuals:

(1) An individual who owns at least a fifty-one percent (51%) ownership interest in land that is the subject of an application.

(2) Related individuals who together:

(A) own at least a fifty-one percent (51%) ownership interest in the land that is the subject of an application; or

(B) have at least fifty-one percent (51%) of the ownership and control rights for an entity that has a one hundred percent (100%) ownership interest in the land that is the subject of an application;

or will qualify under clause (A) or (B) after any tangible or intangible interest of a deceased related individual is distributed from the deceased related individual's estate.

(c) For purposes of leased agricultural land, the following are eligible individuals:

(1) An individual who has at least a fifty-one percent (51%) contract interest in a lease of land that is the subject of an application; or

(2) related individuals who together:

(A) have at least a fifty-one percent (51%) contract interest in the lease of land that is the subject of an application; or

(B) have at least fifty-one percent (51%) of the ownership and control rights for an entity that has a one hundred percent (100%) contract interest in a lease of land that is the subject of an application.

Sec. 7. As used in this chapter, "farm production activities" means any combination of the following:

(1) Production of crops, fruits, or timber.

(2) Raising livestock.

(3) If the land is tillable land, participation in a federal set aside program of the United States Department of Agriculture that withdraws land from production.

(4) If the land is tillable land, participation in a regular practice of allowing land to be out of production for the purpose of restoring nutrients to the soil or reversing the effects of overgrazing.

Sec. 8. As used in this chapter, "farmland credit" refers to a credit granted under this chapter.

Sec. 9. As used in this chapter, "maximum eligible acreage" means two hundred fifty (250) acres.

Sec. 10. As used in this chapter, "related individuals" means individuals who are related to each other as:

(1) spouse;
(2) child;
(3) stepchild;
(4) grandchild;
(5) great grandchild;
(6) parent;
(7) grandparent;
(8) great grandparent;
(9) brother;
(10) sister;
(11) uncle;
(12) aunt;
(13) niece;
(14) nephew; or
(15) spouse of an individual described in subdivisions (1) through (14).

Sec. 11. As used in this chapter, "tax liability" has the meaning set forth in IC 6-1.1-21-5.

Sec. 12. As used in this chapter, "tillable land" means tillable land as determined under the rules of the department of local government finance.

Sec. 13. As used in this chapter, "total farm acreage" means total farm acreage as determined under this rules adopted by the department of local government finance for the assessment of agricultural land.

Sec 14. The owners of an eligible tract are entitled to a farmland credit against the tax liability imposed on an eligible farm.

Sec. 15. The amount of the farmland credit is equal to the amount determined under STEP SIX of the following formula:

STEP ONE: Determine the assessed valuation of the total farm acreage in the eligible farm.

STEP TWO: Divide the STEP ONE amount by the total farm acreage in the eligible farm.

STEP THREE: Multiply the STEP TWO amount by the lesser of the following:

(A) The total farm acreage in the eligible farm.

(B) The maximum eligible acreage.

STEP FOUR: Determine the statewide farmland credit amount certified under section 26 of this chapter.

STEP FIVE: Multiply the STEP THREE amount by the STEP FOUR amount.

STEP SIX: Determine the lesser of the following:

(A) The owner's tax liability for the eligible farm.

(B) The STEP FIVE amount.

Sec. 16. The county auditor shall apply the farmland credit to the tracts in an eligible farm in the manner prescribed by the department of local government finance.

Sec. 17. An eligible farm that would otherwise qualify for a farmland credit under this chapter is ineligible if:

(1) any owner is an owner of another eligible farm that is granted a farmland credit under this chapter; or

(2) any shareholder, partner, member, or beneficiary of an owner is:

(A) an owner; or

(B) a shareholder, partner, member, or beneficiary of an entity that is an owner;

of any other eligible farm that is granted a farmland credit under this chapter.

Sec. 18. The owners of an eligible farm, or an owner acting as the agent of all of the owners of an eligible farm, that desire to claim the farmland credit provided by this chapter must file a certified application, under penalty of perjury, on forms and in the manner prescribed by the department of local government finance, with the county auditor of the county in which the eligible farm is located.

Sec. 19. The application must include the following information:

(1) The parcel numbers or key numbers for the eligible farm.

(2) The name of the townships in which the eligible farm is located.

(3) The total farm acreage in the eligible farm.

(4) The names of the owners of the eligible farm.

(5) The names of each shareholder, partner, member, or beneficiary of any entity that is an owner of the eligible farm.

(6) Whether:

(A) an owner;

(B) a shareholder, partner, member, or beneficiary of the owner; or

(C) any entity in which a shareholder, partner, member, or beneficiary of the owner is a shareholder, partner, member, or beneficiary;

has applied for or been granted a farmland credit for another eligible farm.

(7) Any other information required by the department of local government finance.

Sec. 20. A statement filed before May 11 in a year:

(1) first applies to taxes first due and payable in the immediately succeeding year; and

(2) unless the land that is the subject of the farmland credit

**ceases to qualify for the farmland credit, each year thereafter.**

**Sec. 21. The county auditor shall approve farmland credits for eligible farms that qualify for a farmland credit under this chapter.**

**Sec. 22. As soon as practicable after an application is approved, the county auditor shall submit to the department of local government, on the form required by the department of local government, the information concerning an application that is prescribed by the department of local government finance.**

**Sec. 23. The department of local government finance shall establish a program to assist county auditors in determining whether eligible farms are disqualified under section 17 of this chapter from receiving a farmland credit.**

**Sec. 24. If:**

**(1) land ceases in any part to qualify for a farmland credit under this chapter;**

**(2) there is a change in:**

**(A) the ownership of the land that is the subject of a farmland credit; or**

**(B) the ownership of an entity that is an owner of the land that is the subject of a farmland credit; or**

**(3) ownership of an individual who is receiving the farmland credit provided by this chapter changes the use of the individual's real property or structures, buildings, and improvements;**

**the owners, after the change, shall notify the county auditor of the county in which the eligible farm is located of the changes, on the form prescribed by the department of local government finance, not more than sixty (60) days after the date of the change. If the notice is not filed as required by this section, the owners of the land that is the subject of the farmland credit are liable for the amount of any farmland credit that is applied to the tax liability imposed on the land after the change.**

**Sec. 25. Before April 1 of each year containing an assessment date, the county auditor of each county shall certify to the department of local government finance the amount of the assessed valuation on the assessment date that qualifies for the farmland credit.**

**Sec. 26. Not later than August 1 of each year containing an assessment date, the department of local government finance shall certify the statewide farmland credit amount determined under STEP TWO of the following formula that will apply to property taxes imposed for the assessment date:**

**STEP ONE: Determine the sum of the assessed valuation certified under section 27 of this chapter, as adjusted (if necessary) by the department of local government finance to conform with the requirements of this chapter.**

**STEP TWO: Divide seventy million dollars ($70,000,000) by the STEP ONE amount.**

**Sec. 27. Before February 1 of each year, a county auditor shall certify to the department of local government finance the amount of farmland credits allowed in the county for tax liability first due and payable in the year.**

SECTION 11. IC 6-1.1-20.9-2, AS AMENDED BY P.L.192-2002(ss), SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: Sec. 2. (a) Except as otherwise provided in section 5 of this chapter, an individual who on March 1 of a particular year either owns or is buying a homestead under a contract that provides the individual is to pay the property taxes on the homestead is entitled each calendar year to a credit against the property taxes which the individual pays on the individual's homestead. However, only one (1) individual may receive a credit under this chapter for a particular homestead in a particular year.

(b) **Subject to IC 6-1.1-21-5,** the amount of the credit to which the individual is entitled equals the product of:

(1) the percentage prescribed in subsection (d); multiplied by

(2) the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, which is:

(A) attributable to the homestead during the particular calendar year; and

(B) determined after the application of the property tax replacement credit under IC 6-1.1-21.

(c) For purposes of determining that part of an individual's property tax liability that is attributable to the individual's homestead, all deductions from assessed valuation which the individual claims under IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's homestead is located must be applied first against the assessed value of the individual's homestead before those deductions are applied against any other property.

(d) The percentage of the credit referred to in subsection (b)(1) is as follows:

| YEAR | PERCENTAGE OF THE CREDIT |
|---|---|
| 1996 | 8% |
| 1997 | 6% |
| 1998 through 2002 | 10% |
| 2003 and thereafter | 20% |

However, the property tax replacement fund board established under IC 6-1.1-21-10, in its sole discretion, may increase the percentage of the credit provided in the schedule for any year, if the board feels that the property tax replacement fund contains enough money for the resulting increased distribution. If the board increases the percentage of the credit provided in the schedule for any year, the percentage of the credit for the immediately following year is the percentage provided in the schedule for that particular year, unless as provided in this subsection the board in its discretion increases the percentage of the credit provided in the schedule for that particular year. However, the percentage credit allowed in a particular county for a particular year shall be increased if on January 1 of a year an ordinance adopted by a county income tax council was in effect in the county which increased the homestead credit. The amount of the increase equals the amount designated in the ordinance.

(e) Before October 1 of each year, the assessor shall furnish to the county auditor the amount of the assessed valuation of each homestead for which a homestead credit has been properly filed under this chapter.

(f) The county auditor shall apply the credit equally to each installment of taxes that the individual pays for the property.

(g) Notwithstanding the provisions of this chapter, a taxpayer other than an individual is entitled to the credit provided by this chapter if:

(1) an individual uses the residence as the individual's principal place of residence;

(2) the residence is located in Indiana;

(3) the individual has a beneficial interest in the taxpayer;

(4) the taxpayer either owns the residence or is buying it under a contract, recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence; and

(5) the residence consists of a single-family dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.

SECTION 12. IC 6-1.1-21-3, AS AMENDED BY P.L.192-2002(ss), SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: Sec. 3. (a) The department, with the assistance of the auditor of state and the department of local government finance, shall determine an amount equal to the eligible property tax replacement amount, which is the estimated property tax replacement.

(b) The department of local government finance shall certify to the department the amount of:

**(1) farmland credits provided under IC 6-1.1-20.6 that are allowed by the county for the particular calendar year; and**

**(2)** homestead credits provided under IC 6-1.1-20.9 which are allowed by the county for the particular calendar year.

(c) If there are one (1) or more taxing districts in the county that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter, the department of local government finance shall estimate an additional distribution for the county in the same report required under subsection (a). This additional distribution equals the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Estimate that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable

to the taxing district.

STEP TWO: Divide:

(A) that part of the estimated property tax replacement amount attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(d) The sum of the amounts determined under subsections (a) through (c) is the particular county's estimated distribution for the calendar year.

SECTION 13. IC 6-1.1-21-4, AS AMENDED BY P.L.245-2003, SECTION 19, AND AS AMENDED BY P.L.264-2003, SECTION 12, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: Sec. 4. (a) Each year the department shall allocate from the property tax replacement fund an amount equal to the sum of:

(1) each county's total eligible property tax replacement amount for that year; plus

(2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus

(3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the subdivision (1) amount that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5; **plus**

**(4) the total amount of farmland credits that are provided under IC 6-1.1-20.6 and allowed by each county for that year.**

(b) Except as provided in subsection (e), between March 1 and August 31 of each year, the department shall distribute to each county treasurer from the property tax replacement fund one-half (1/2) of the estimated distribution for that year for the county. Between September 1 and December 15 of that year, the department shall distribute to each county treasurer from the property tax replacement fund the remaining one-half (1/2) of each estimated distribution for that year. The amount of the distribution for each of these periods shall be according to a schedule determined by the property tax replacement fund board under section 10 of this chapter. The estimated distribution for each county may be adjusted from time to time by the department to reflect any changes in the total county tax levy upon which the estimated distribution is based.

(c) On or before December 31 of each year or as soon thereafter as possible, the department shall make a final determination of the amount which should be distributed from the property tax replacement fund to each county for that calendar year. This determination shall be known as the final determination of distribution. The department shall distribute to the county treasurer or receive back from the county treasurer any deficit or excess, as the case may be, between the sum of the distributions made for that calendar year based on the estimated distribution and the final determination of distribution. The final determination of distribution shall be based on the auditor's abstract filed with the auditor of state, adjusted for postabstract adjustments included in the December settlement sheet for the year, and such additional information as the department may require.

(d) All distributions provided for in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state. If the amounts allocated by the department from the property tax replacement fund exceed in the aggregate the balance of money in the fund, then the amount of the deficiency shall be transferred from the state general fund to the property tax replacement fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the payment of that amount. However, any amount transferred under this section from the general fund to the property tax replacement fund shall, as soon as funds are available in the property tax replacement fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (i), the department shall not distribute under subsection (b) and section 10 of this chapter the money attributable to the county's property reassessment fund if:

*(1)* by the date the distribution is scheduled to be made, ~~*(1)*~~ the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance; ~~or~~

*(2) by the deadline under IC 36-2-9-20, the county auditor has not transmitted data as required under that section;* **or**

~~*(2)*~~ **(3)** *the county assessor has not forwarded* **to the department of local government finance** *the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a).*

(f) Except as provided in subsection (i), if the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25(b), the state board or the department shall not distribute under subsection (b) and section 10 of this chapter a part of the money attributable to the county's property reassessment fund. The portion not distributed is the amount that bears the same proportion to the total potential distribution as the number of townships in the county for which data was not transmitted by ~~*August 1*~~ *October 1* as described in this section bears to the total number of townships in the county.

(g) Money not distributed ~~*under subsection (e)*~~ *for the reasons stated in subsection (e)(1) and (e)(2)* shall be distributed to the county when:

*(1)* the county auditor sends to the department of local government finance the certified statement required to be sent under IC 6-1.1-17-1; *and*

*(2) the county assessor forwards to the department of local government finance the approved exemption applications required to be forwarded under IC 6-1.1-11-8(a);*

with respect to which the failure to send *or forward* resulted in the withholding of the distribution under subsection (e).

(h) Money not distributed under subsection (f) shall be distributed to the county when the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor transmits to the department of local government finance the data required to be transmitted under IC 6-1.1-4-25(b) with respect to which the failure to transmit resulted in the withholding of the distribution under subsection (f).

(i) The restrictions on distributions under subsections (e) and (f) do not apply if the department of local government finance determines that:

(1) the failure of:

*(A)* a county auditor to send a certified statement; *or*

*(B) a county assessor to forward copies of all approved exemption applications;*

as described in subsection (e); or

(2) the failure of an official to transmit data as described in subsection (f);

is justified by unusual circumstances.

SECTION 14. IC 6-1.1-21-5, AS AMENDED BY P.L.1-2004, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: Sec. 5. (a) Each year the taxpayers of each county shall receive a credit for property tax replacement in the amount of each taxpayer's property tax replacement credit amount for taxes which:

(1) under IC 6-1.1-22-9 are due and payable in May and

November of that year; or

(2) under IC 6-1.1-22-9.5 are due in installments established by the department of local government finance for that year.

The credit shall be applied to each installment of taxes. The dollar amount of the credit for each taxpayer shall be determined by the county auditor, based on data furnished by the department of local government finance.

(b) The tax liability of a taxpayer for the purpose of computing the credit for a particular year shall be based upon the taxpayer's tax liability as is evidenced by the tax duplicate for the taxes payable in that year, plus the amount by which the tax payable by the taxpayer had been reduced due to the application of county adjusted gross income tax revenues to the extent the county adjusted gross income tax revenues were included in the determination of the total county tax levy for that year, as provided in sections 2(g) and 3 of this chapter, adjusted, however, for any change in assessed valuation which may have been made pursuant to a post-abstract adjustment if the change is set forth on the tax statement or on a corrected tax statement stating the taxpayer's tax liability, as prepared by the county treasurer in accordance with IC 6-1.1-22-8(a). However, except when using the term under section 2(l)(1) of this chapter, the tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer that is attributable to that part of any property tax levy subtracted under section 2(g)(1)(B), 2(g)(1)(C), 2(g)(1)(D), 2(g)(1)(E), 2(g)(1)(F), 2(g)(1)(G), 2(g)(1)(H), 2(g)(1)(I), 2(g)(1)(J), or 2(g)(1)(K) of this chapter in computing the total county tax levy.

(c) The credit for taxes payable in a particular year with respect to mobile homes which are assessed under IC 6-1.1-7 is equivalent to the taxpayer's property tax replacement credit amount for the taxes payable with respect to the assessments plus the adjustments stated in this section.

(d) Each taxpayer in a taxing district that contains all or part of an economic development district that meets the requirements of section 5.5 of this chapter is entitled to an additional credit for property tax replacement. This credit is equal to the product of:

(1) the STEP TWO quotient determined under section 4(a)(3) of this chapter for the taxing district; multiplied by

(2) the taxpayer's taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

**(e) If in any year the sum of:**

**(1) the amount of the credit granted under this section; and**

**(2) the amount of the homestead credit granted under IC 6-1.1-20.9-2;**

**against the tax liability on a homestead exceeds two thousand dollars ($2,000), the aggregate total of the credits is reduced to two thousand dollars ($2,000). If the tax due is paid in installments, the reduction in the credits shall be applied to each installment in proportion to the relative amount of each installment.**".

Page 1, after line 10, begin a new paragraph and insert:

"SECTION 16. [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)] **(a) The definitions in IC 6-1.1-1 and IC 6-1.1-20.9, as added by this act, and P.L.224-2003, SECTION 1, apply throughout this SECTION.**

**(b) IC 6-1.1-20.6, as added by this act, and IC 6-1.1-20.9-2, IC 6-1.1-21-3, IC 6-1.1-21-4, and IC 6-1.1-21-5(e), all as amended by this act, apply only to property taxes first due and payable after December 31, 2004.**

**(c) The department of local government finance shall prescribe application forms and make them available to county auditors and the public as soon as practicable after the passage of this act.**

**(d) There is appropriated to the property tax replacement board (IC 6-1.1-21) twenty-three million three hundred thirty-three thousand three hundred fifty dollars ($23,333,350) from the property tax replacement fund for its use for total operating expense to distribute farmland credit replacement amounts for farmland credits applied against tax liability imposed for property taxes first due and payable in 2005, for the state fiscal year beginning July 1, 2004, and ending June 30, 2005. Adjustments may be made to this appropriation under IC 6-1.1-21-4, as amended by this act. The appropriation made by this subsection is supplemental to all other appropriations made to the property tax replacement board in P.L.224-2003, SECTION 10. For purposes of applying IC 6-1.1-20.6-26, as added by this act, to farmland credits for property taxes first due and payable in calendar year 2005, the amount appropriated for farmstead credits shall be treated as seventy million dollars ($70,000,000). The amount appropriated by this SECTION constitutes the amount necessary to pay the first two (2) distributions required under IC 6-1.1-21-10 for property taxes first due and payable in calendar year 2005. The general assembly will appropriate the remainder necessary for calendar year 2005 as part of the budget bill applicable to the next biennium beginning July 1, 2005.**

**(e) The department of local government finance may adopt temporary rules in the manner provided in IC 4-22-2-37.1 for the adoption of emergency rules to implement IC 6-1.1-20.6, as added by this act, and this SECTION. A temporary rule adopted under this SECTION expires on the earlier of the following:**

**(1) The date that another temporary rule is adopted under this SECTION or a permanent rule is adopted under IC 4-22-2 to supersede a previously adopted temporary rule.**

**(2) July 1, 2005.**

SECTION 17. [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)] **IC 6-1.1-6.9 and IC 6-1.1-12-43, both as added by this act, and IC 6-1.1-12-37, as amended by this act, apply only to assessment dates after February 28, 2004, and property taxes first due and payable after December 31, 2004.**

SECTION 18. **An emergency is declared for this act.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 286 as printed January 30, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 25, nays 0.

CRAWFORD, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Commerce and Economic Development, to which was referred Engrossed Senate Bill 292, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 12, nays 0.

STEVENSON, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Engrossed Senate Bill 296, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 24, nays 0.

CRAWFORD, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Agriculture, Natural Resources and Rural Development, to which was referred Engrossed Senate Bill 298, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-6-1.1-903 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 903. (a) A person is entitled to a refund of gasoline tax paid on gasoline purchased or used for the following purposes:

(1) Operating stationary gas engines.

(2) Operating equipment mounted on motor vehicles, whether or not operated by the engine propelling the motor vehicle.

(3) Operating a tractor used for agricultural purposes.

(3.1) Operating implements of ~~husbandry~~ **agriculture** (as defined in IC 9-13-2-77).

(4) Operating motorboats or aircraft.
(5) Cleaning or dyeing.
(6) Other commercial use, except propelling motor vehicles operated in whole or in part on an Indiana public highway.
(7) Operating a taxicab (as defined in section 103 of this chapter).

(b) If a refund is not issued within ninety (90) days of filing of the verified statement and all supplemental information required by IC 6-6-1.1-904.1, the department shall pay interest at the rate established by IC 6-8.1-9 computed from the date of filing of the verified statement and all supplemental information required by the department until a date determined by the administrator that does not precede by more than thirty (30) days the date on which the refund is made.

SECTION 2. IC 9-13-2-56 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 56. ~~(a)~~ "Farm tractor" means ~~except as provided in subsection (b),~~ a motor vehicle designed and used primarily as a farm implement for drawing ~~farm machinery including plows, mowing machines, harvesters, and other~~ implements of ~~husbandry,~~ **agriculture** used on a farm and, when using the highways, in traveling from one (1) field or farm to another or to or from places of repairs. The term includes a wagon, trailer, or other vehicle pulled by a farm tractor.

~~(b) "Farm tractor", for purposes of IC 9-21, means a motor vehicle designed and used primarily as a farm implement for drawing plows, mowing machines, and other implements of husbandry.~~

SECTION 3. IC 9-13-2-60 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 60. "Farm wagon" means a wagon, other than an implement of ~~husbandry,~~ **agriculture,** used primarily for transporting farm products and farm supplies in connection with a farming operation.

SECTION 4. IC 9-13-2-77 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 77. **(a)** "Implement of ~~husbandry~~" **agriculture"** means ~~special farm machinery, farm machinery, and other~~ **agricultural implements, pull type and** self-propelled, ~~equipment~~ used for the: ~~transportation and~~

**(1) transport;**
**(2) delivery; or**
**(3)** application;

of ~~plant food materials or agricultural chemicals~~ **crop inputs, including seed, fertilizers, and crop protection products,** and vehicles designed to transport ~~farm~~ **these types of agricultural** implements.

**(b) The bureau shall determine by rule under IC 4-22-2 whether a category of implement of agriculture was designed to be operated primarily:**

**(1) in a farm field or on farm premises; or**
**(2) on a highway.**

SECTION 5. IC 9-13-2-105, AS AMENDED BY P.L.265-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 105. (a) "Motor vehicle" means, except as otherwise provided in this section, a vehicle that is self-propelled. The term does not include a farm tractor, an implement of ~~husbandry,~~ **agriculture designed to be operated primarily in a farm field or on farm premises,** or an electric personal assistive mobility device.

(b) "Motor vehicle", for purposes of IC 9-21, means:
(1) a vehicle except a motorized bicycle that is self-propelled; or
(2) a vehicle that is propelled by electric power obtained from overhead trolley wires, but not operated upon rails.

(c) "Motor vehicle", for purposes of IC 9-19-10.5 and IC 9-25, means a vehicle that is self-propelled upon a highway in Indiana. The term does not include a farm tractor.

(d) "Motor vehicle", for purposes of IC 9-30-10, does not include a motorized bicycle.

SECTION 6. IC 9-13-2-170.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 170.3. "Special machinery" means a portable saw mill or well drilling machinery.**

SECTION 7. IC 9-13-2-180 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 180. "Tractor" means a motor vehicle designed and used primarily for drawing or propelling trailers, semitrailers, or vehicles of any kind. The term does not include the following:

(1) A farm tractor.
~~(2) A farm tractor used in transportation.~~
~~(3)~~ **(2)** A tractor that is used exclusively for drawing a passenger carrying semitrailer.

SECTION 8. IC 9-13-2-188 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 188. (a) "Truck" means a motor vehicle designed, used, or maintained primarily for the transportation of property.

(b) "Truck", for purposes of IC 9-21-8-3, includes the following:
(1) A motor vehicle designed and used primarily for drawing another vehicle and constructed to carry a load other than a part of the weight of the vehicle and load so drawn.
(2) A motor vehicle designed and used primarily as a farm implement for drawing plows, mowing machines, and other implements of ~~husbandry.~~ **agriculture.**

SECTION 9. IC 9-13-2-196, AS AMENDED BY P.L.143-2002, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 196. (a) "Vehicle" means, except as otherwise provided in this section, a device in, upon, or by which a person or property is, or may be, transported or drawn upon a highway.

(b) "Vehicle", for purposes of IC 9-14 through IC 9-18, does not include the following:
(1) A device moved by human power.
(2) A vehicle that runs only on rails or tracks.
(3) A vehicle propelled by electric power obtained from overhead trolley wires but not operated upon rails or tracks.
(4) A firetruck and apparatus owned by a person or municipal division of the state and used for fire protection.
(5) A municipally owned ambulance.
(6) A police patrol wagon.
(7) A vehicle not designed for or employed in general highway transportation of persons or property and occasionally operated or moved over the highway, including the following:
(A) Road construction or maintenance machinery.
(B) A movable device designed, used, or maintained to alert motorists of hazardous conditions on highways.
(C) Construction dust control machinery.
(D) Well boring apparatus.
(E) Ditch digging apparatus.
(F) An implement of ~~husbandry.~~ **agriculture designed to be operated primarily in a farm field or on farm premises.**
(G) An invalid chair.
(H) A yard tractor.
(8) An electric personal assistive mobility device.

(c) For purposes of IC 9-20 and IC 9-21, the term does not include devices moved by human power or used exclusively upon stationary rails or tracks.

(d) For purposes of IC 9-22, the term refers to an automobile, a motorcycle, a truck, a trailer, a semitrailer, a tractor, a bus, a school bus, a recreational vehicle, or a motorized bicycle.

(e) For purposes of IC 9-30-5, IC 9-30-6, IC 9-30-8, and IC 9-30-9, the term means a device for transportation by land or air. The term does not include an electric personal assistive mobility device.

SECTION 10. IC 9-18-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. This article does not apply to the following:

(1) Farm wagons.
(2) Farm tractors.
~~(3) Farm machinery.~~
~~(4)~~ **(3)** A new motor vehicle if the new motor vehicle is being operated in Indiana solely to remove it from an accident site to a storage location because:
(A) the new motor vehicle was being transported on a railroad car or semitrailer; and
(B) the railroad car or semitrailer was involved in an accident that required the unloading of the new motor vehicle to preserve or prevent further damage to it.
**(4) An implement of agriculture designed to be operated primarily in a farm field or on farm premises.**

SECTION 11. IC 9-18-2-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 26. (a) License plates shall be displayed as follows:

(1) For a motorcycle, trailer, semitrailer, or recreational vehicle, upon the rear of the vehicle.

(2) For a ~~farm tractor or~~ tractor, upon the front of the vehicle.

(3) For every other vehicle, upon the rear of the vehicle.

(b) A license plate shall be securely fastened, in a horizontal position, to the vehicle for which the plate is issued:

(1) to prevent the license plate from swinging;

(2) at a height of at least twelve (12) inches from the ground, measuring from the bottom of the license plate;

(3) in a place and position that are clearly visible;

(4) maintained free from foreign materials and in a condition to be clearly legible; and

(5) not obstructed or obscured by tires, bumpers, accessories, or other opaque objects.

(c) The bureau may adopt rules the bureau considers advisable to enforce the proper mounting and securing of license plates on vehicles consistent with this chapter.

SECTION 12. IC 9-18-2-29 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 29. Except as otherwise provided, before:

(1) a motor vehicle;

(2) a motorcycle;

(3) a truck;

(4) a trailer;

(5) a semitrailer;

(6) a tractor;

~~(7) an implement of husbandry or a farm tractor used in transportation;~~

~~(8)~~ **(7)** a bus;

~~(9)~~ **(8)** a school bus;

~~(10)~~ **(9)** a recreational vehicle; or

~~(11)~~ **(10)** special ~~farm~~ machinery;

is operated or driven on a highway, the person who owns the vehicle must register the vehicle with the bureau and pay the applicable registration fee.

SECTION 13. IC 9-18-2-29.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 29.5. Before a piece of special machinery is operated off a highway or in a farm field, the person who owns the piece of special machinery must:**

**(1) register the piece of special machinery with the bureau; and**

**(2) pay the applicable registration fee.**

SECTION 14. IC 9-18-2-43 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 43. (a) Notwithstanding any law to the contrary but except as provided in subsection (b), a law enforcement officer authorized to enforce motor vehicle laws who discovers a vehicle required to be registered under this article that does not have the proper certificate of registration or license plate:

(1) shall take the vehicle into the officer's custody; and

(2) may cause the vehicle to be taken to and stored in a suitable place until:

(A) the legal owner of the vehicle can be found; or

(B) the proper certificate of registration and license plates have been procured.

(b) A law enforcement officer who discovers a vehicle in violation of the registration provisions of this article ~~has discretion in the impoundment of~~ **may not impound** any of the following:

(1) Perishable commodities.

(2) Livestock.

~~(c) A person who recklessly violates this section commits a Class A misdemeanor.~~

SECTION 15. IC 9-19-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. (a) Except as provided in ~~subsections~~ **subsection** (b) ~~through (c)~~ and as otherwise provided in this chapter, this article does not apply to the following with respect to equipment on vehicles:

(1) Implements of ~~husbandry.~~ **agriculture designed to be operated primarily in a farm field or on farm premises.**

(2) Road machinery.

(3) Road rollers.

(4) Farm tractors.

(5) Vehicle chassis that:

(A) are a part of a vehicle manufacturer's work in process; and

(B) are driven under this subdivision only for a distance of less than one (1) mile.

~~(b) A farm type dry or liquid fertilizer tank trailer or spreader that is drawn or towed on a highway by:~~

~~(1) a farm tractor; or~~

~~(2) a motor vehicle at a speed not greater than thirty (30) miles per hour;~~

~~is considered an implement of husbandry with respect to equipment requirements and all the requirements of this article regarding lamps on combinations, including farm tractors, apply.~~

~~(c)~~ **(b)** A farm type dry or liquid fertilizer tank trailer or spreader that is drawn or towed on a highway by a motor vehicle other than a farm tractor at a speed greater than thirty (30) miles per hour is considered a trailer for equipment requirement purposes and all equipment requirements concerning trailers apply.

SECTION 16. IC 9-19-1-3, AS AMENDED BY P.L.1-1999, SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. Sections 4 through 5 of this chapter and IC 9-19-4-3, IC 9-19-4-4, and IC 9-19-5-7:

(1) do not apply to:

(A) machinery or equipment used in highway construction or maintenance by the Indiana department of transportation, counties, or municipalities;

(B) farm drainage machinery;

(C) implements of ~~husbandry~~ **agriculture** when used during farming operations or when so constructed that they can be moved without material damage to the highways; or

(D) firefighting apparatus owned or operated by a political subdivision or a volunteer fire department (as defined in ~~IC 36-8-12-1);~~ **IC 36-8-12-2);** and

(2) do not limit the width or height of farm vehicles when loaded with farm products.".

Page 1, line 5, strike "husbandry" and insert "**agriculture designed to be operated primarily in a farm field or on farm premises, when operated on a highway and**".

Page 2, line 5, strike "husbandry" and insert "**agriculture designed to be operated primarily in a farm field or on farm premises, when operated on a highway and**".

Page 2, line 15, strike "husbandry" and insert "**agriculture designed to be operated primarily in a farm field or on farm premises, when operated on a highway and**".

Page 2, line 19, delete "chapter or" and insert "chapter **or**".

Page 2, line 28, strike "husbandry" and insert "**agriculture**".

Page 2, line 32, strike "husbandry" and insert "**agriculture designed to be operated primarily in a farm field or on farm premises, when operated on a highway and**".

Page 2, line 39, strike "husbandry" and insert "**agriculture**".

Page 3, line 11, strike "husbandry" and insert "**agriculture**".

Page 3, line 23, strike "husbandry" and insert "**agriculture**".

Page 3, line 32, delete "husbandry." and insert "**agriculture.**".

Page 4, between lines 14 and 15, begin a new paragraph and insert:

"SECTION 20. IC 9-19-18-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. (a) Except as provided in subsections (b) through (d), a tire on a vehicle moved on a highway may not have on the tire's periphery a block, stud, flange, cleat, or spike or any other protuberance of any material other than rubber that projects beyond the tread of the traction surface of the tire.

(b) ~~Farm machinery~~ **Implements of agriculture** may use tires having protuberances that will not injure the highway.

(c) Tire chains of reasonable proportions may be used upon a vehicle when required for safety because of snow, ice, or other conditions tending to cause a vehicle to skid.

(d) From October 1 to the following May 1, a vehicle may use tires in which have been inserted ice grips or tire studs of wear-resisting material, installed in a manner that provides resiliency upon contact with the road, with projections that do not exceed three thirty-seconds (3/32) of an inch beyond the tread of the traction surface of the tire,

and constructed to prevent any appreciable damage to the road surface.

SECTION 21. IC 9-19-18-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. The Indiana department of transportation and local authorities in their respective jurisdictions may in their discretion issue special permits authorizing the operation upon a highway of:

**(1)** traction engines; ~~or~~

**(2)** tractors having movable tracks with transverse corrugations upon the periphery of movable tracks; or

**(3)** farm tractors or ~~other farm machinery,~~ **implements of agriculture designed to be operated primarily in a farm field or on farm premises;**

the operation of which upon a highway would otherwise be prohibited under this chapter.

SECTION 22. IC 9-20-2-2, AS AMENDED BY P.L.1-1999, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) As used in this section, "farm vehicle loaded with a farm product" includes a truck hauling unprocessed leaf tobacco.

(b) Except for interstate highway travel, this article does not apply to the following:

(1) Machinery or equipment used in highway construction or maintenance by the Indiana department of transportation, counties, or municipalities.

~~(2) Farm drainage machinery.~~

~~(3)~~ **(2)** Implements of ~~husbandry~~ **agriculture** when used during farming operations or when so constructed that the implements can be moved without material damage to the highways.

(c) This article does not apply to firefighting apparatus owned or operated by a political subdivision or volunteer fire department (as defined in IC 36-8-12-2).

(d) Except for interstate highway travel, this article does not limit the width or height of a farm vehicle loaded with a farm product.

SECTION 23. IC 9-21-8-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 27. (a) Except as provided in subsection (b), a stop or turn signal required under this chapter may be given by means of the hand and arm or by a signal lamp or lamps or mechanical signal device.

(b) This subsection does not apply to farm tractors and implements **of agriculture designed to be operated primarily in a farm field or on farm premises.** A motor vehicle in use on a highway must be equipped with and a required signal shall be given by a signal lamp or lamps or mechanical signal device when either of the following conditions exist:

(1) The distance from the center of the top of the steering post to the left outside limit of the body, cab, or load of the motor vehicle exceeds twenty-four (24) inches.

(2) The distance from the center of the top of the steering post to the rear limit of the body or load of the motor vehicle exceeds fourteen (14) feet. This measurement applies to a single vehicle and a combination of vehicles.

SECTION 24. IC 9-21-8-46 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 46. A person may not drive or operate:

**(1)** an implement of ~~husbandry~~ **agriculture designed to be operated primarily in a farm field or on farm premises; or**

**(2) a piece of special machinery;**

upon any part of an interstate highway.

SECTION 25. IC 9-21-8-47, AS AMENDED BY P.L.1-1999, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 47. The following vehicles must be moved or operated so as to avoid any material damage to the highway or unreasonable interference with other highway traffic:

(1) Machinery or equipment used in highway construction or maintenance by the Indiana department of transportation, counties, or municipalities.

(2) Farm drainage machinery.

(3) Implements of ~~husbandry.~~ **agriculture.**

(4) Firefighting apparatus owned or operated by a political subdivision or a volunteer fire department (as defined in IC 36-8-12-2).

(5) Farm vehicles loaded with farm products.".

Page 4, between lines 33 and 34, begin a new paragraph and insert:

"SECTION 27. IC 9-21-21 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:

**Chapter 21. Farm Vehicles Involved in Commercial Enterprises**

**Sec. 1. A motor vehicle, trailer, or semitrailer and tractor may be operated primarily as a farm truck, farm trailer, or farm semitrailer and tractor if the vehicle meets the specifications set forth in IC 9-29-5-13(b).**

**Sec. 2. A farm truck, farm trailer, or farm semitrailer and tractor described in section 1 of this chapter may not be operated:**

**(1) part time or incidentally in the conduct of a commercial enterprise; or**

**(2) for the transportation of farm products after the commodities have entered the channels of commerce.**

**Sec. 3. A farm truck described in section 1 of this chapter may be used for personal purposes if the vehicle otherwise qualifies for that class of registration.**

**Sec. 4. If the owner of a farm truck, farm trailer, or farm semitrailer and tractor described in section 1 of this chapter begins to operate, or permits the farm truck, farm trailer, or farm semitrailer and tractor to be operated:**

**(1) in the conduct of a commercial enterprise; or**

**(2) for the transportation of farm products after the commodities have entered the channels of commerce during a registration year for which the license fee under IC 9-29-5-13 has been paid;**

**the owner shall pay the amount computed under IC 9-29-5-13.5 due for the remainder of the registration year for the license fee.**

**Sec. 5. In addition to the penalty provided in section 7 of this chapter, a person that operates a vehicle, or allows a vehicle that the person owns to be operated when the vehicle is:**

**(1) registered under this chapter as a farm truck, farm trailer, or farm semitrailer and tractor; and**

**(2) operated as set forth in section 4 of this chapter;**

**commits a Class C infraction. However, the offense is a Class B infraction if, within the three (3) years preceding the commission of the offense, the person had a prior unrelated judgment under this section.**

**Sec. 6. For purposes of this chapter, the operation of a vehicle in violation of section 4 of this chapter is a continuing offense and the venue for prosecution lies in a county in which the unlawful operation occurred. However, a:**

**(1) judgment against; or**

**(2) finding by the court for;**

**the owner or operator bars a prosecution in another county.**

**Sec. 7. (a) A law enforcement officer (as defined in IC 9-13-2-92(a)(1), IC 9-13-2-92(a)(2), or IC 9-13-2-92(a)(3)) who discovers a vehicle registered under this chapter as a farm truck, farm trailer, or farm semitrailer and tractor that is being operated as set forth in section 4 of this chapter:**

**(1) may take the vehicle into the officer's custody; and**

**(2) may cause the vehicle to be taken to and stored in a suitable place until:**

**(A) the legal owner of the vehicle can be found; or**

**(B) the proper certificate of registration and license plates have been procured and the amount computed under IC 9-29-5-13.5 has been paid.**

**(b) A law enforcement officer described in subsection (a) who discovers a vehicle in violation of the registration provisions of this chapter may not impound any of the following:**

**(1) Perishable commodities.**

**(2) Livestock.**

SECTION 28. IC 9-24-1-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. Sections 1 through 5 of this chapter do not apply to the following individuals:

(1) An individual in the service of the armed forces of the United States while operating an official motor vehicle in that service.

(2) An individual while operating: ~~a.~~

(A) **a** road roller;

(B) road construction or maintenance machinery, except

where the road roller or machinery is required to be registered under Indiana law;

(C) **a** ditch digging apparatus;

(D) **a** well drilling apparatus;

(E) **a** concrete mixer; or

(F) **a** farm tractor or **an** implement of ~~husbandry;~~ **agriculture designed to be operated primarily in a farm field or on farm premises;**

that is being temporarily drawn, moved, or propelled on an Indiana public highway.

(3) A nonresident who:

(A) is at least sixteen (16) years and one (1) month of age; and

(B) has in the nonresident's immediate possession a valid operator's license that was issued to the nonresident in the nonresident's home state or country;

while operating a motor vehicle in Indiana only as an operator.

(4) A nonresident who:

(A) is at least eighteen (18) years of age; and

(B) has in the nonresident's immediate possession a valid chauffeur's license that was issued to the nonresident in the nonresident's home state or country;

while operating a motor vehicle upon a public highway, either as an operator or a chauffeur.

(5) A nonresident who:

(A) is at least eighteen (18) years of age; and

(B) has in the nonresident's immediate possession a valid license issued by the nonresident's home state for the operation of any motor vehicle upon a public highway when in use as a public passenger carrying vehicle;

while operating a motor vehicle upon a public highway.

(6) A nonresident whose home state or country does not require the licensing of operators or chauffeurs and who has not been licensed as an operator or a chauffeur in the nonresident's home state or country as an operator if the nonresident is at least sixteen (16) years and thirty (30) days of age and less than eighteen (18) years of age or as a chauffeur if the nonresident is at least eighteen (18) years of age, for not more than sixty (60) days in any one (1) year if the following conditions exist:

(A) The unlicensed nonresident is the owner of the motor vehicle or the authorized driver of the vehicle.

(B) The vehicle has been registered for the current year in the state or country of which the owner is a resident.

(C) The motor vehicle at all times displays a registration plate issued in the home state or country of the owner.

(D) The nonresident owner or driver has in the owner's or driver's immediate possession a registration card evidencing ownership and registration in the owner's or driver's home state or country or is able at any required time or place to do the following:

(i) Prove lawful possession or the right to operate the motor vehicle.

(ii) Establish the nonresident's proper identity.

(7) An individual who is legally licensed to operate a motor vehicle in the state of the individual's residence and who is employed in Indiana, subject to the restrictions imposed by the state of the individual's residence.

(8) A new resident of Indiana who possesses an unexpired driver's license issued by the resident's former state of residence, for a period of sixty (60) days after becoming a resident of Indiana.

(9) An individual who is an engineer, a conductor, a brakeman, or another member of the crew of a locomotive or a train that is being operated upon rails, including the operation of the locomotive or the train on a crossing over a street or a highway. An individual described in this subdivision is not required to display a license to a law enforcement officer in connection with the operation of a locomotive or a train in Indiana.

SECTION 29. IC 9-29-5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 11. (a) This section does not apply to a vehicle or person exempted from registration under IC 9-18.

(b) The license fee for ~~a motor vehicle that has: (1) a corn sheller; (2) a well driller; (3) a hay press; (4) a clover huller; (5) a farm wagon type liquid fertilizer tank trailer; or (6) farm machinery; that is permanently mounted on the motor vehicle and used solely for transporting the equipment~~ **a piece of special machinery** is five dollars ($5). The motor vehicle is exempt from other fees provided under IC 9-18 or this article.

~~(c) The license fee for a farm wagon used for transporting farm products and farm supplies in connection with a farming operation is five dollars ($5). The farm wagon is exempt from other fees provided under IC 9-18 or this article.~~

~~(d) The license fee for a farm type dry or liquid fertilizer tank trailer or spreader or implement of husbandry used to transport bulk fertilizer between distribution point and farm and return is five dollars ($5). The trailer, spreader, or implement is exempt from the other fees provided under IC 9-18 or this article.~~

~~(e)~~ **(c)** The owner of a vehicle listed in this section is not entitled to a reduction in the five dollar ($5) license fee because the license is granted at a time that the license period is less than a year.

SECTION 30. IC 9-29-5-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 12. A farm wagon or farm type dry or liquid fertilizer tank trailer or spreader used to transport bulk fertilizer between distribution point and farm and return is exempt from all license fees when the wagon, trailer, or spreader is drawn or towed on a highway by a:

**(1)** farm tractor; **or**

**(2) properly registered motor vehicle.**

~~that is registered as a farm tractor used in transportation.~~

SECTION 31. IC 9-29-5-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 13. (a) This section does not apply to a vehicle or person exempt from registration under IC 9-18.

(b) The license fee for a motor vehicle, trailer, or semitrailer and tractor operated primarily as a farm truck, farm trailer, or farm semitrailer and tractor:

(1) having a declared gross weight of at least ~~eleven~~ **sixteen** thousand ~~(11,000)~~ **(16,000)** pounds; and

(2) used by the owner or guest occupant in connection with agricultural pursuits usual and normal to the user's farming operation;

is fifty percent (50%) of the amount listed in this chapter for a truck, trailer, or semitrailer and tractor of the same declared gross weight.

~~(c) A farm truck, farm trailer, or farm semitrailer and tractor described in subsection (b) may not be operated either part time or incidentally in the conduct of a commercial enterprise or for the transportation of farm products after the commodities have entered the channels of commerce.~~

~~(d) A farm truck described in subsection (b) may be used for personal purposes if the vehicle otherwise qualifies for that class of registration.~~

SECTION 32. IC 9-29-5-42 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 42. (a) Except as provided in subsection (c), vehicles not subject to IC 9-18-2-8 shall be registered at one-half (1/2) of the regular rate, subject to IC 9-18-2-7, if the vehicle is registered after July 31 of any year. This subsection does not apply to the following:

~~(1) A farm tractor. used in transportation.~~

~~(2)~~ **(1)** Special ~~farm~~ machinery.

~~(3)~~ **(2)** Semitrailers registered on a five (5) year or permanent basis under IC 9-18-10-2.

**(3) An implement of agriculture designed to be operated primarily on a highway.**

(b) Except as provided in subsection (c), subsection (a) and IC 9-18-2-7 determine the registration fee for the registration of a vehicle subject to registration under IC 9-18-2-8(c), IC 9-18-2-8(d), and IC 9-18-2-8(e) and acquired by an owner subsequent to the date required for the annual registration of vehicles by an owner set forth in IC 9-18-2-8.

(c) Subject to subsection (d), a vehicle subject to the International Registration Plan that is registered after September 30 shall be registered at a rate determined by the following formula:

STEP ONE: Determine the number of months before April 1 of the following year beginning with the date of registration. A partial month shall be rounded to one (1) month.

STEP TWO: Multiply the STEP ONE result by one-twelfth (1/12).

STEP THREE: Multiply the annual registration fee for the vehicle by the STEP TWO result.

(d) If the department of state revenue adopts rules under IC 9-18-2-7 to implement staggered registration for motor vehicles subject to the International Registration Plan, a motor vehicle subject to the International Registration Plan that is registered after the date designated for registration of the motor vehicle in rules adopted under ~~IC 9-17-2-7~~ **IC 9-18-2-7** shall be registered at a rate determined by the following formula:

STEP ONE: Determine the number of months before the motor vehicle must be re-registered. A partial month shall be rounded to one (1) month.

STEP TWO: Multiply the STEP ONE result by one-twelfth (1/12).

STEP THREE: Multiply the annual registration fee for the vehicle by the STEP TWO result.

SECTION 33. IC 13-11-2-245 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 245. (a) "Vehicle", for purposes of IC 13-17-5, refers to a vehicle required to be registered with the bureau of motor vehicles and required to have brakes. The term does not include the following:

~~(1) Farm tractors.~~

~~(2) Implements of husbandry.~~

~~(3) Farm tractors used in transportation.~~

~~(4)~~ **(1)** Mobile homes (house trailers).

~~(5)~~ **(2)** Trailers weighing not more than three thousand (3,000) pounds.

~~(6)~~ **(3)** Antique motor vehicles.

**(4) Special machinery (as defined in IC 9-13-2-170.3).**

(b) "Vehicle", for purposes of IC 13-18-12, means a device used to transport a tank.

(c) "Vehicle", for purposes of IC 13-20-4, refers to a municipal waste collection and transportation vehicle.

(d) "Vehicle", for purposes of IC 13-20-13-7, means a motor vehicle and types of equipment, machinery, implements, or other devices used in transportation, manufacturing, agriculture, construction, or mining. The term does not include the following:

(1) A lawn and garden tractor that is propelled by a motor of not more than ~~twenty (20)~~ **twenty-five (25)** horsepower.

(2) A semitrailer.

(e) "Vehicle", for purposes of IC 13-20-14, has the meaning set forth in IC 9-13-2-196.

SECTION 34. IC 26-1-9.1-311, AS ADDED BY P.L.57-2000, SECTION 45, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 311. (a) Except as otherwise provided in subsection (d), the filing of a financing statement is not necessary or effective to perfect a security interest in property subject to:

(1) a statute, regulation, or treaty of the United States whose requirements for a security interest's obtaining priority over the rights of a lien creditor with respect to the property preempt IC 26-1-9.1-310(a);

(2) any Indiana certificate-of-title statute covering automobiles, trailers, mobile homes, **or** boats, ~~farm tractors or the like,~~ which provides for a security interest to be indicated on the certificate as a condition or result of perfection; or

(3) a certificate-of-title statute of another jurisdiction which provides for a security interest to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the property.

(b) Compliance with the requirements of a statute, regulation, or treaty described in subsection (a) for obtaining priority over the rights of a lien creditor is equivalent to the filing of a financing statement under IC 26-1-9.1. Except as otherwise provided in subsection (d), IC 26-1-9.1-313, IC 26-1-9.1-316(d), and IC 26-1-9.1-316(e) for goods covered by a certificate of title, a security interest in property subject to a statute, regulation, or treaty described in subsection (a) may be perfected only by compliance with those requirements, and a security interest so perfected remains perfected notwithstanding a change in the use or transfer of possession of the collateral.

(c) Except as otherwise provided in subsection (d), IC 26-1-9.1-316(d), and IC 26-1-9.1-316(e), duration and renewal of perfection of a security interest perfected by compliance with the requirements prescribed by a statute, regulation, or treaty described in subsection (a) are governed by the statute, regulation, or treaty. In other respects, the security interest is subject to IC 26-1-9.1.

(d) During any period in which collateral, subject to a statute specified in subsection (a)(2), is inventory held for sale or lease by a person or leased by that person as lessor, and that person is in the business of selling goods of that kind, this section does not apply to a security interest in that collateral created by that person, but instead, the filing provisions of IC 26-1-9.1-501 through IC 26-1-9.1-527 apply.

SECTION 35. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2004]: IC 6-6-2.5-11; IC 9-13-2-55; IC 9-13-2-57; IC 9-13-2-169; IC 9-29-5-19.

SECTION 36. [EFFECTIVE JULY 1, 2004] **(a) Notwithstanding IC 9-13-2-77(b), as added by this act, the bureau of motor vehicles shall carry out the duties imposed on it under IC 9-13-2-77(b), as added by this act, under interim written guidelines approved by the commissioner of motor vehicles.**

**(b) This SECTION expires on the earlier of the following:**

**(1) The date rules are adopted under IC 9-13-2-77(b), as added by this act.**

**(2) December 31, 2005.**".

Page 4, after line 42, begin a new paragraph and insert:

"SECTION 38. [EFFECTIVE UPON PASSAGE] **(a) The bureau of motor vehicles shall adopt rules under IC 4-22-2 to identify and define "farm truck", "farm trailer", and "farm semitrailer and tractor", as required by IC 9-13-2-58.**

**(b) Notwithstanding subsection (a), the bureau of motor vehicles shall carry out the duties imposed on it by IC 9-13-2-58 and by this SECTION under interim written guidelines approved by the commissioner of motor vehicles.**

**(c) This SECTION expires on the earlier of the following:**

**(1) The date rules are adopted as required by IC 9-13-2-58.**

**(2) December 31, 2005.**

SECTION 39. [EFFECTIVE JULY 1, 2004] **(a) Notwithstanding IC 9-29-5-13, as amended by this act, the requirement that a motor vehicle, trailer, or semitrailer and tractor must have a declared gross weight of at least sixteen thousand (16,000) pounds in order to be categorized as a farm truck, farm trailer, or farm semitrailer and tractor does not apply to a motor vehicle, trailer, or semitrailer and tractor before January 1, 2005.**

**(b) This SECTION expires December 31, 2005.**

SECTION 40. **An emergency is declared for this act.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 298 as printed January 23, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 13, nays 1.

BISCHOFF, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Labor and Employment, to which was referred Engrossed Senate Bill 316, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 11, after "or" insert "**an**".

Page 2, delete lines 9 though 12, begin a new paragraph and insert:

"**(d) A person who:**

**(1) is employed by a political subdivision;**

**(2) is absent from employment in order to engage in emergency firefighting or emergency activity under this section; and**

**(3) will receive or has received wages or salary from the political subdivision for the time absent from employment;**

**is not considered to have committed a violation of IC 35-44-2-4(d).**

**(e) A public servant who permits or authorizes an employee of the political subdivision under the supervision of the public servant to be absent from employment or to leave the employee's duty station in order to perform emergency firefighting or**

**emergency activity under this section is not considered to have committed a violation of IC 35-44-2-4(b).**".

(Reference is to SB 316 as printed January 30, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 12, nays 0.

LIGGETT, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Environmental Affairs, to which was referred Engrossed Senate Bill 322, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and the environment.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-45 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:

**Chapter 45. Brownfield Tax Reduction or Waiver**

**Sec. 1. As used in this chapter:**

**(1) "board" refers to the county property tax assessment board of appeals;**

**(2) "brownfield" has the meaning set forth in IC 13-11-2-19.3;**

**(3) "contaminant" has the meaning set forth in IC 13-11-2-42;**

**(4) "delinquent tax liability" means:**

**(A) delinquent property taxes;**

**(B) delinquent special assessments;**

**(C) interest;**

**(D) penalties; and**

**(E) costs;**

**assessed against a brownfield and entered on the tax duplicate that a person seeks to have waived or reduced by filing a petition under section 2 of this chapter;**

**(5) "department" refers to the department of environmental management, unless the specific reference is to the department of local government finance; and**

**(6) "fiscal body" refers to the fiscal body of:**

**(A) the city if the brownfield is located in a city;**

**(B) the town if the brownfield is located in a town; or**

**(C) the county if the brownfield is not located in a city or town.**

**Sec. 2. A person that owns or desires to own a brownfield may file a petition with the county auditor seeking a reduction or waiver of the delinquent tax liability. The petition must:**

**(1) be on a form:**

**(A) prescribed by the state board of accounts; and**

**(B) approved by the department of local government finance;**

**(2) state:**

**(A) the amount of the delinquent tax liability; and**

**(B) when the delinquent tax liability arose;**

**(3) describe:**

**(A) the manner in which; and**

**(B) when;**

**the petitioner acquired or proposes to acquire the brownfield;**

**(4) describe the conditions existing on the brownfield that have prevented the sale or the transfer of title to the county;**

**(5) describe the plan of the petitioner for:**

**(A) addressing any contaminants on the brownfield; and**

**(B) the intended use of the brownfield;**

**(6) include a statement from the department that the property is a brownfield;**

**(7) state whether the petitioner:**

**(A) has had an ownership interest in an entity that contributed; or**

**(B) has contributed;**

**to the contaminant or contaminants on the brownfield;**

**(8) state whether any part of the delinquent tax liability can reasonably be collected from a person other than the petitioner;**

**(9) state that the petitioner seeks:**

**(A) a waiver of the delinquent tax liability; or**

**(B) a reduction of the delinquent tax liability in a specified amount; and**

**(10) be accompanied by a fee in an amount established by the county auditor for:**

**(A) completing a title search; and**

**(B) processing the petition.**

**Sec. 3. On receipt of a petition under section 2 of this chapter, the county auditor shall determine whether the petition is complete. If the petition is not complete, the county auditor shall return the petition to the petitioner and describe the defects in the petition. The petitioner may correct the defects and file the completed petition with the county auditor. On receipt of a complete petition, the county auditor shall forward a copy of the complete petition to:**

**(1) the assessor of the township in which the brownfield is located;**

**(2) the owner, if different from the petitioner;**

**(3) all persons that have, as of the date of the filing of the petition, a substantial property interest of public record in the brownfield;**

**(4) the board;**

**(5) the fiscal body; and**

**(6) the department.**

**Sec. 4. On receipt of a complete petition under section 3 of this chapter, the board shall at its earliest opportunity conduct a public hearing on the petition. The board shall give notice of the date, time, and place fixed for the hearing:**

**(1) by mail to:**

**(A) the petitioner;**

**(B) the owner, if different from the petitioner;**

**(C) all persons that have, as of the date the petition was filed, a substantial interest of public record in the brownfield; and**

**(D) the assessor of the township in which the brownfield is located; and**

**(2) under IC 5-3-1.**

**Sec. 5. (a) The board may recommend that the fiscal body grant the petition or that the fiscal body approve a reduction of the delinquent tax liability in an amount less than the amount sought by the petitioner if the board determines that:**

**(1) the brownfield was acquired or is proposed to be acquired as a result of:**

**(A) sale or abandonment in a bankruptcy proceeding;**

**(B) foreclosure or a sheriff's sale;**

**(C) receivership; or**

**(D) purchase from a political subdivision;**

**(2) the plan referred to in section 2(5) of this chapter is in the best interest of the community;**

**(3) the waiver or reduction of the delinquent tax liability:**

**(A) is in the public interest; and**

**(B) will facilitate development or use of the brownfield;**

**(4) the petitioner:**

**(A) has not had an ownership interest in an entity that contributed; and**

**(B) has not contributed;**

**to the contaminant or contaminants on the brownfield;**

**(5) the department has determined that the property is a brownfield;**

**(6) if the petitioner is the owner of the brownfield, the delinquent tax liability sought to be waived or reduced arose before the petitioner's acquisition of the brownfield; and**

**(7) no part of the delinquent tax liability can reasonably be collected from a person other than the owner of the brownfield.**

**(b) After the hearing and completion of any additional investigation of the brownfield or of the petitioner that the board considers necessary, the board shall:**

**(1) give notice, by mail, to the parties listed in section 4(1) of**

**this chapter of the board's recommendation that the fiscal body:**

**(A) deny the petition;**

**(B) waive the delinquent tax liability; or**

**(C) reduce the delinquent tax liability by a specified amount; and**

**(2) forward to the fiscal body a copy of:**

**(A) the board's recommendation; and**

**(B) the documents submitted to or collected by the board at the public hearing or during the course of the board's investigation of the brownfield or of the petitioner.**

**Sec. 6. (a) The fiscal body shall at a regularly scheduled meeting:**

**(1) review the petition and all other materials submitted by the board under section 5 of this chapter; and**

**(2) determine whether to:**

**(A) deny the petition;**

**(B) waive the delinquent tax liability; or**

**(C) reduce the delinquent tax liability by a specified amount.**

**The fiscal body may reduce the delinquent tax liability in an amount that differs from the amount of reduction recommended by the board.**

**(b) The fiscal body's determination to waive or reduce the delinquent tax liability under subsection (a) is subject to the limitation in section 7(f)(2) of this chapter.**

**Sec. 7. (a) The fiscal body shall:**

**(1) publish notice under IC 5-3-1 of its determination under section 6 of this chapter; and**

**(2) give notice of its determination under section 6 of this chapter and the right to seek an appeal of the determination by mail to:**

**(A) the petitioner;**

**(B) the owner, if different from the petitioner;**

**(C) all persons that have, as of the date the petition was filed under section 2 of this chapter, a substantial property interest of public record in the brownfield;**

**(D) the assessor of the township in which the brownfield is located;**

**(E) the board; and**

**(F) the county auditor.**

**(b) A person aggrieved by a determination of the fiscal body under section 6 of this chapter may obtain an additional review by the fiscal body and a public hearing by filing a petition for review with the county auditor of the county in which the brownfield is located not more than thirty (30) days after the fiscal body gives notice of the determination under subsection (a). The county auditor shall transmit the petition to the fiscal body not more than ten (10) days after the petition is filed.**

**(c) On receipt by the fiscal body of a petition for review, the fiscal body shall set a date, time, and place for a hearing. At least ten (10) days before the date fixed for the hearing, the fiscal body shall give notice, by mail, of the date, time, and place fixed for the hearing to:**

**(1) the person that filed the appeal;**

**(2) the petitioner;**

**(3) the owner, if different from the petitioner;**

**(4) all persons that have, as of the date the petition is filed, a substantial interest of public record in the brownfield;**

**(5) the assessor of the township in which the brownfield is located;**

**(6) the board; and**

**(7) the county auditor.**

**(d) After the hearing, the fiscal body shall give the parties listed in subsection (c) notice by mail of the final determination of the fiscal body. The fiscal body's final determination under this subsection is subject to the limitation in subsection (f)(2).**

**(e) The petitioner under section 2 of this chapter shall provide to the county auditor reasonable proof of ownership of the brownfield:**

**(1) if a petition is not filed under subsection (b), at least thirty (30) days but not more than one hundred twenty (120) days after notice is given under subsection (a); or**

**(2) after notice is given under subsection (d) but not more than ninety (90) days after notice is given under subsection (d).**

**(f) The county auditor:**

**(1) shall reduce or remove the delinquent tax liability on the tax duplicate in the amount stated in:**

**(A) if a petition is not filed under subsection (b), the determination of the fiscal body under section 6 of this chapter; or**

**(B) the final determination of the fiscal body under this section;**

**not more than thirty (30) days after receipt of the proof of ownership required in subsection (e); and**

**(2) may not reduce or remove any delinquent tax liability on the tax duplicate if the petitioner under section 2 of this chapter fails to provide proof of ownership as required in subsection (e).**".

Renumber all SECTIONS consecutively.

(Reference is to SB 322 as printed January 23, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 12, nays 0.

BOTTORFF, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, Corporations and Small Business, to which was referred Engrossed Senate Bill 326, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 8, line 10, delete "person to whom the permit is" and insert "**operator of the display**".

Page 8, line 11, delete "issued".

Page 8, line 11, delete "person's" and insert "**operator's**".

(Reference is to SB 326 as printed January 28, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 12, nays 0.

FRY, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Engrossed Senate Bill 344, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Page 1, delete lines 1 through 18.

Page 2, delete lines 1 through 28, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-10-44 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 44. Tangible property is exempt from property taxation if it is owned by an Indiana nonprofit corporation that is:**

**(1) organized and operated for the primary purpose of:**

**(A) encouraging the economic development, redevelopment, and improvement of downtown areas in one (1) or more Indiana cities and towns in all geographic regions of the state;**

**(B) sponsoring demonstration efforts in one (1) or more Indiana cities and towns; or**

**(C) providing technical assistance and sponsoring seminars and other educational programs on downtown area revitalization, development, and redevelopment; and**

**(2) recognized in a resolution adopted by the Indiana main street council (IC 4-4-16-2) as an organization that is engaged in furthering the purposes of the Indiana main street program specified in IC 4-4-16-1.**

SECTION 2. IC 6-3-1-3.5, AS AMENDED BY P.L.1-2004, SECTION 49, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars ($1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars ($1,000).

(4) Subtract one thousand dollars ($1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars ($1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996; and

(B) five hundred dollars ($500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars ($40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars ($2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of 2004, the amount determined under subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars ($2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(20) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars ($25,000).**

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(6) Add or subtract the amount necessary to make the**

**adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars ($25,000).**

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(6) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars ($25,000).**

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(6) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars ($25,000).**

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(4) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars ($25,000).**

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars ($2,500).

STEP FIVE: Determine the sum of the STEP THREE amount and two thousand five hundred dollars ($2,500).

SECTION 3. IC 6-3-1-11, AS AMENDED BY P.L.105-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 11. (a) The term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, ~~2003.~~ **2004.**

(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, ~~2003,~~ **2004,** that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on January 1, ~~2003,~~ **2004,** shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, ~~2003,~~ **2004,** that is effective for

any taxable year that began before January 1, ~~2003,~~ **2004,** and that affects:

(1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);

(2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);

(3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);

(4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);

(5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or

(6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining adjusted gross income under section 3.5 of this chapter.

SECTION 4. IC 6-3-1-33, AS ADDED BY P.L.105-2003, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 33. As used in this article, "bonus depreciation" means an amount equal to that part of any depreciation allowance allowed in computing the taxpayer's federal adjusted gross income or federal taxable income that is attributable to the additional first-year special depreciation allowance (bonus depreciation) for qualified property allowed under Section 168(k) of the Internal Revenue Code, **including the special depreciation allowance for 50-percent bonus depreciation property.**

SECTION 5. IC 6-5.5-1-2, AS AMENDED BY P.L.105-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 2. (a) Except as provided in subsections (b) through (d), "adjusted gross income" means taxable income as defined in Section 63 of the Internal Revenue Code, adjusted as follows:

(1) Add the following amounts:

(A) An amount equal to a deduction allowed or allowable under Section 166, Section 585, or Section 593 of the Internal Revenue Code.

(B) An amount equal to a deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(C) An amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States.

(D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.

(E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.

(F) For a taxpayer that is not a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

(G) Add the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(H) Add the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars ($25,000).**

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

(B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.

(C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.

(D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) or Section 593 of the Internal Revenue Code.

(E) ~~Subtract~~ The amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation.

**(F) The amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars ($25,000).**

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

(c) In the case of an investment company, "adjusted gross income" means the company's federal taxable income multiplied by the quotient of:

(1) the aggregate of the gross payments collected by the company during the taxable year from old and new business upon investment contracts issued by the company and held by residents of Indiana; divided by

(2) the total amount of gross payments collected during the taxable year by the company from the business upon investment contracts issued by the company and held by persons residing within Indiana and elsewhere.

(d) As used in subsection (c), "investment company" means a person, copartnership, association, limited liability company, or corporation, whether domestic or foreign, that:

(1) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and

(2) solicits or receives a payment to be made to itself and issues in exchange for the payment:

(A) a so-called bond;

(B) a share;

(C) a coupon;

(D) a certificate of membership;

(E) an agreement;

(F) a pretended agreement; or

(G) other evidences of obligation;

entitling the holder to anything of value at some future date, if the gross payments received by the company during the taxable year on outstanding investment contracts, plus interest and dividends earned on those contracts (by prorating the interest and dividends earned on investment contracts by the same proportion that certificate reserves (as defined by the Investment Company Act of 1940) is to the company's total assets) is at least fifty percent (50%) of the company's gross payments upon investment contracts plus gross income from all other sources

except dividends from subsidiaries for the taxable year. The term "investment contract" means an instrument listed in clauses (A) through (G).

SECTION 6. IC 6-5.5-1-20, AS ADDED BY P.L.105-2003, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 20. As used in this article, "bonus depreciation" means an amount equal to that part of any depreciation allowance allowed in computing the taxpayer's federal taxable income that is attributable to the additional first-year special depreciation allowance (bonus depreciation) for qualified property allowed under Section 168(k) of the Internal Revenue Code, **including the special depreciation allowance for 50-percent bonus depreciation property.**

SECTION 7. IC 36-10-11-33, AS AMENDED BY P.L.178-2002, SECTION 137, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 33. (a) The fiscal body of the lessee shall adopt an ordinance creating a board of five (5) members to be known as the "Civic Center Board of Managers". The board of managers shall supervise, manage, operate, and maintain a building and its programs.

(b) A person appointed to the board of managers must be at least twenty-one (21) years of age and a resident of the lessee governmental entity for at least five (5) years. If the lessee is a city, three (3) of the managers shall be appointed by the city executive, and two (2) of the managers shall be appointed by the city legislative body. If the lessee is not a city, all five (5) managers shall be appointed by the fiscal body of the lessee. An officer or employee of a political subdivision may not serve as a manager. The managers serve for terms of three (3) years.

(c) Notwithstanding subsection (b), if the lessee is a city, initial terms of the managers appointed by the executive are as follows:

(1) One (1) manager for a term of one (1) year.

(2) One (1) manager for a term of two (2) years.

(3) One (1) manager for a term of three (3) years.

The initial term of one (1) of the managers appointed by the legislative body is two (2) years, and the other is three (3) years.

(d) Notwithstanding subsection (b), if the lessee is not a city, initial terms of the managers are as follows:

(1) One (1) manager for a term of one (1) year.

(2) Two (2) managers for terms of two (2) years.

(3) Two (2) managers for terms of three (3) years.

(e) A manager may be removed for cause by the appointing authority. Vacancies shall be filled by the appointing authority, and any person appointed to fill a vacancy serves for the remainder of the vacated term. The managers may ~~not~~ receive salaries ~~but~~ **and a per diem and** shall be reimbursed for any expenses necessarily incurred in the performance of their duties.

(f) The board of managers shall annually elect officers to serve during the calendar year. The board of managers may adopt resolutions and bylaws governing its operations and procedure and may hold meetings as often as necessary to transact business and to perform its duties. A majority of the managers constitutes a quorum.

SECTION 8. [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)] **IC 6-3-1-3.5, IC 6-3-1-11, and IC 6-5.5-1-2, all as amended by this act, apply only to taxable years beginning after December 31, 2003.**

SECTION 9. [EFFECTIVE UPON PASSAGE] **(a) A religious institution may file an application under IC 6-1.1-11 before May 11, 2004, for exemption of one (1) or more parcels of real property for property taxes first due and payable in 2001 and 2002 if:**

**(1) the religious institution did not file an application under IC 6-1.1-11 for exemption of the real property with respect to property taxes first due and payable in 2001 or 2002;**

**(2) the religious institution acquired the real property in 1999; and**

**(3) the real property was exempt from property taxes for property taxes first due and payable in 2000.**

**(b) If a religious institution files an exemption application under subsection (a):**

**(1) the exemption application is subject to review and action by:**

**(A) the county property tax assessment board of appeals; and**

**(B) the department of local government finance; and**

**(2) the exemption determination made under subdivision (1) is subject to appeal;**

**in the same manner that would have applied if an application for exemption had been timely filed in 2000 and 2001.**

**(c) If an exemption application filed under subsection (a) is approved, the religious institution may file a claim under IC 6-1.1-26-1 with the county auditor for a refund for any payment of property taxes first due and payable in 2001 and for any payment of property taxes first due and payable in 2002, including any paid interest and penalties, with respect to the exempt property.**

**(d) Upon receiving a claim for a refund filed under subsection (c), the county auditor shall determine whether the claim is correct. If the county auditor determines that the claim is correct, the auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount of the refund due the claimant. No interest is payable on the refund.**

**(e) This SECTION expires January 1, 2005.**

SECTION 10. [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)] **(a) This SECTION applies notwithstanding the following:**

**IC 6-1.1-3-7.5**
**IC 6-1.1-10-10**
**IC 6-1.1-10-13**
**IC 6-1.1-10-31.1**
**IC 6-1.1-11**
**IC 6-1.1-12.1-5.4**
**50 IAC 4.2-11**
**50 IAC 4.2-12-1**
**50 IAC 10-3**
**50 IAC 16.**

**(b) As used in this SECTION, "taxpayer" means a taxpayer in a county containing a consolidated city that filed:**

**(1) an original personal property tax return under IC 6-1.1-3 for the March 1, 2001, assessment date using a consolidated return, Form 103-C; and**

**(2) before March 1, 2003, a Form 133 petition for correction of an error with respect to the assessed value of the taxpayer's personal property on the March 1, 2001, assessment date.**

**(c) Before January 1, 2005, a taxpayer may file an amended personal property tax return for the March 1, 2001, assessment date.**

**(d) A taxpayer that files an amended personal property tax return under subsection (c) is entitled to the following exemptions for the March 1, 2001, assessment date:**

**(1) An exemption for an industrial waste control facility under IC 6-1.1-10-9.**

**(2) An exemption for an air pollution control system under IC 6-1.1-10-12.**

**(3) An exemption for tangible personal property under IC 6-1.1-10-29, as in effect on March 1, 2001.**

**(4) An exemption for tangible personal property under IC 6-1.1-10-29.3.**

**(5) An exemption for tangible personal property under IC 6-1.1-10-30.**

**(e) The amount of an exemption described in subsection (d)(1) or (d)(2) is based on the total cost of the industrial waste control facility or air pollution control system reported by the taxpayer on a Form 103-P that must be filed with the amended personal property tax return filed under subsection (c).**

**(f) The total amount of the exemptions described in subsection (d)(3) through (d)(5) is:**

**(1) the total cost of the taxpayer's finished goods reported on Schedule B, line 3 of the taxpayer's amended personal property tax return filed under subsection (c); multiplied by**

**(2) the ratio reported by the taxpayer on the Form 103-W filed with the taxpayer's amended personal property tax return.**

**(g) Before January 1, 2005, a taxpayer may file with the county auditor an application for a deduction from assessed valuation**

**for new manufacturing equipment in an economic revitalization area for the March 1, 2001, assessment date. The taxpayer shall include all necessary attachments to the deduction application.**

**(h) If a taxpayer files an amended personal property tax return under subsection (c) and a deduction application described in subsection (g), the taxpayer is entitled to a credit in the amount of the taxes paid by the taxpayer on the remainder of:**

**(1) the assessed value reported on the taxpayer's original personal property tax return for the March 1, 2001, assessment date; minus**

**(2) the assessed value reported on the taxpayer's amended personal property tax return for the March 1, 2001, assessment date filed under subsection (c); minus**

**(3) the amount of the deduction from assessed valuation claimed by the taxpayer on an application filed under subsection (g).**

**(i) The county auditor shall reduce the amount of the credit to which a taxpayer is entitled under subsection (h) by the amount of any property tax refunds paid:**

**(1) to the taxpayer for personal property taxes based on the March 1, 2001, assessment date; and**

**(2) before the date the taxpayer files an amended personal property tax return under subsection (c).**

**(j) Notwithstanding IC 6-1.1-26, the county auditor shall apply a credit allowed under this SECTION against the taxpayer's property tax liability for property taxes first due and payable in 2004 and in each year thereafter until the credit is exhausted. However, the county auditor may refund the remaining credit amount at any time before the credit is exhausted.**

**(k) A taxpayer is not required to file a separate application for the credit allowed under subsection (h).**

**(l) This SECTION expires January 1, 2007.**

SECTION 11. [EFFECTIVE UPON PASSAGE] **(a) A religious institution may file an application under IC 6-1.1-11 before August 1, 2004, for exemption of one (1) or more parcels of real property for property taxes first due and payable in 2001, 2002, 2003, and 2004 if:**

**(1) the religious institution did not file an application under IC 6-1.1-11 for exemption of the real property with respect to property taxes first due and payable in 2001, 2002, 2003, or 2004;**

**(2) the religious institution acquired the real property in 2000 from another religious institution;**

**(3) the real property was exempt from property taxes for property taxes first due and payable in 2000; and**

**(4) the religious institution:**

**(A) acquired the real property under a contract with a religious institution;**

**(B) has occupied the real property for each of the years described in subdivision (1); and**

**(C) has used the real property for its religious purposes in each of the years described in subdivision (1).**

**(b) If a religious institution files an exemption application under subsection (a):**

**(1) the exemption application is subject to review and action by:**

**(A) the county property tax assessment board of appeals; and**

**(B) the department of local government finance; and**

**(2) the exemption determination made under subdivision (1) is subject to appeal;**

**in the same manner that would have applied if an application for exemption had been timely filed in 2000, 2001, 2002, and 2003.**

**(c) The religious institution may file a claim under IC 6-1.1-26-1 with the county auditor for a refund for any payment of property taxes first due and payable in 2001, 2002, 2003, and 2004, including any paid interest and penalties, with respect to the exempt property if:**

**(1) an exemption application filed under subsection (a) is approved; and**

**(2) the religious institution has paid any property taxes in 2001, 2002, 2003, and 2004 attributable to the exempt property.**

**(d) Upon receiving a claim for a refund filed under subsection (c), the county auditor shall determine whether the claim is correct. If the county auditor determines that the claim is correct, the auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount of the refund due the claimant. No interest is payable on the refund.**

**(e) If:**

**(1) the religious institution incurred property tax liabilities in 2001, 2002, 2003, and 2004 because of the failure to properly apply for a property tax exemption for the religious institution's real property described in subsection (a); and**

**(2) an exemption application filed under subsection (a) is approved;**

**the county treasurer of the county in which the real property is located shall forgive the property taxes, penalties, and interest charged to the religious institution for the exempt property in 2001, 2002, 2003, and 2004.**

**(f) This SECTION expires January 1, 2005.**

SECTION 12. [EFFECTIVE UPON PASSAGE] **(a) This SECTION applies only to a nonprofit corporation that would be exempt from property taxation under IC 6-1.1-10-44, as added by this act, if IC 6-1.1-10-44, as added by this act, had been in effect for an assessment date in 2001, 2002, or 2003.**

**(b) The definitions in IC 6-1.1-1 apply throughout this SECTION.**

**(c) A nonprofit corporation may file an application under IC 6-1.1-11 before May 11, 2004, for exemption of tangible property for property taxes first due and payable in any combination of 2002, 2003, or 2004 if the nonprofit corporation is described in subsection (a).**

**(d) If a nonprofit corporation files an exemption application under subsection (c):**

**(1) the exemption application is subject to review and action by:**

**(A) the county property tax assessment board of appeals; and**

**(B) the department of local government finance; and**

**(2) the exemption determination made under subdivision (1) is subject to appeal;**

**in the same manner that would have applied if an application for exemption had been timely filed in 2001, 2002, or 2003.**

**(e) If an exemption application filed under subsection (c) is approved:**

**(1) the exemption applies to the years covered by the application to the same extent as if the application had been filed in a timely manner; and**

**(2) if the nonprofit corporation paid any property taxes for a year covered by the exemption, the nonprofit corporation may file a claim under IC 6-1.1-26-1 with the county auditor for a refund of the payment, including any paid interest and penalties, with respect to the exempt property.**

**(f) Upon receiving a claim for a refund filed under subsection (e), the county auditor shall determine whether the claim is correct. If the county auditor determines that the claim is correct, the auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount of the refund due the claimant. No interest is payable on the refund.**

**(g) This SECTION expires January 1, 2005.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 344 as printed January 23, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 24, nays 0.

CRAWFORD, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Commerce and Economic Development, to which was referred Engrossed Senate Bill 352, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 11, after "IC 8-1-2-1(a)." insert "**The term includes a provider of cable television service.**".

(Reference is to SB 352 as printed January 30, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 12, nays 0.

STEVENSON, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred Engrossed Senate Bill 367, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 5, line 27, after "(e)" insert "**This subsection does not apply to a home school.**".

Page 5, line 27, after "school" insert "**corporation, non-public school (as defined in IC 20-10.1-1-3), or charter school (as defined in IC 20-5.5-1-4)**".

(Reference is to SB 367 as reprinted February 3, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 13, nays 0.

PORTER, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Agriculture, Natural Resources and Rural Development, to which was referred Engrossed Senate Bill 397, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 11, nays 3.

BISCHOFF, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Elections and Apportionment, to which was referred Engrossed Senate Bill 398, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 5, line 7, delete "jurisdictions in" and insert "**addresses at**".

Page 5, line 8, delete "." and insert "**during at least the previous ten (10) years, if available.**".

Page 5, delete line 11.

Page 5, line 12, delete "(6)" and insert "**(5)**".

Page 5, line 14, delete "(7)" and insert "**(6)**".

Page 5, delete lines 30 through 31.

Page 5, line 34, after "must" insert "**permit a circuit court clerk to transmit reports or statements to the election division under IC 3-6-5, this article, or IC 3-12-5.**".

Page 5, delete lines 35 through 42.

Page 6, delete lines 1 through 3.

Page 6, line 7, delete "that do the" and insert "**such as whether poll workers served only part of an election day.**".

Page 6, delete lines 8 through 33.

Page 6, line 36, after "must" insert "**provide fully synchronized backup and recovery with a well-defined disaster recovery plan.**".

Page 6, delete lines 37 through 39.

Page 7, line 1, delete "do the following:" and insert "**have the ability to accept and maintain a scanned image of the voter's signature.**".

Page 7, delete lines 2 through 8.

Page 7, delete lines 18 through 19.

Page 7, line 20, delete "(4)" and insert "**(3)**".

Page 7, line 21, delete "(5)" and insert "**(4)**".

Page 7, line 23, delete "(6)" and insert "**(5)**".

Page 7, line 25, delete "(7)" and insert "**(6)**".

Page 7, line 38, delete "NVRA and".

Page 8, delete lines 14 through 15.

Page 8, line 16, delete "(11)" and insert "**(10)**".

Page 11, delete lines 38 through 42.

Page 12, delete lines 1 through 7.

Page 17, between lines 2 and 3, begin a new paragraph and insert:

"**(c) This section does not prevent the commission from issuing a license under this article to an individual who is:**

**(1) not required by this article to reside in Indiana to receive the license; and**

**(2) otherwise qualified to receive the license.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 398 as reprinted February 4, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 10, nays 0.

MAHERN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Financial Institutions, to which was referred Engrossed Senate Bill 405, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 5, delete "five" and insert "**four**".

Page 1, line 6, delete "($500);" and insert "**($400);**".

Page 2, line 20, delete "full," and insert "full.".

Page 2, line 20, delete "renewed, or".

Page 2, delete line 21.

Page 3, line 12, after "loan" insert ":".

Page 3, line 12, strike "or subsequent refinancing:".

Page 3, line 42, strike "Renewing the small loan rather than paying the".

Page 4, line 1, strike "debt in full will require additional finance charges.".

Page 4, between lines 15 and 16, begin a new paragraph and insert:

"**(4) When a borrower enters into a small loan, the lender shall provide the borrower with a pamphlet approved by the department that describes:**

**(a) the availability of debt management and credit counseling services; and**

**(b) the borrower's rights and responsibilities in the transaction.**".

Page 4, line 24, after "longer." insert "**After the borrower's fifth consecutive small loan, the balance must be paid in full.**".

Page 4, line 25, after "loan" insert "**, payable in installments,**".

Page 5, between lines 12 and 13, begin a new paragraph and insert:

"**(6) A lender shall not enter into a renewal with a borrower. If a loan is paid in full, a subsequent loan is not a renewal.**".

Page 5, line 15, after "(1) insert "**As used in this section, "commercially reasonable method of verification" means one (1) or more private consumer credit reporting services that the department determines to be capable of providing a lender with adequate verification information necessary to ensure compliance with subsection (4).**

**(2)**".

Page 5, line 15, after "loan" insert ",".

Page 5, line 15, strike "or".

Page 5, line 16, strike "subsequent refinancing,".

Page 5, line 19, strike "(2)" and insert "**(3)**".

Page 5, line 19, strike "or subsequent refinancing".

Page 5, line 21, reset in roman "four".

Page 5, line 21, delete "five".

Page 5, line 21, reset in roman "($400)".

Page 5, line 22, delete "($500)".

Page 5, line 27, strike "(3)" and insert "**(4)**".

Page 5, line 27, strike "(2)" and insert "**(3)**".

Page 5, line 34, after "through" insert "**a**".

Page 5, line 34, strike "means." and insert "**method of verification.**".

Page 5, after line 42 begin a new paragraph and insert:

"**(5) The department shall monitor the effectiveness of private consumer credit reporting services in providing the verification information required under subsection (4). If the department determines that one (1) or more commercially reasonable methods of verification are available, the department shall:**

**(a) provide reasonable notice to all lenders identifying the**

**commercially reasonable methods of verification that are available; and**

**(b) require each lender to use one (1) of the identified commercially reasonable methods of verification as a means of complying with subsection (4).**".

Page 6, line 1, strike "(4)" and insert "**(6)**".

Page 6, delete lines 12 through 23.

Page 7, line 2, strike "one" and insert "**two**".

Page 7, line 2, strike "($1,000)" and insert "**($2,000)**".

Page 7, line 12, strike "one" and insert "**two**".

Page 7, line 12, strike "($1,000)" and insert "**($2,000)**".

Page 7, line 26, delete "JULY 1, 2004]" and insert "UPON PASSAGE]".

Page 7, line 38, after "that" insert "**the department determines**".

Page 8, line 2, strike "or".

Page 8, line 3, after "(iv)" insert "**entering into transactions in which a customer receives a purported cash rebate that is advanced by someone offering Internet content services, or some other product or service, when the cash rebate does not represent a discount or an adjustment of the purchase price for the product or service; or**

**(v)**".

Page 8, between lines 27 and 28, begin a new line block indented and insert"

"**(l) Entering into a renewal with a borrower.**".

Page 8, line 36, delete "IC 24-4.5-7-408 IS REPEALED" and insert "THE FOLLOWING ARE REPEALED".

Page 8, line 37, delete "." and insert ": IC 24-4.5-7-407; IC 24-4.5-7-408.".

Page 8, after line 37, begin a new paragraph and insert:

"SECTION 19. **An emergency is declared for this act.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 405 as printed January 21, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 14, nays 0.

BARDON, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, Corporations and Small Business, to which was referred Engrossed Senate Bill 407, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 13, nays 0.

FRY, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Elections and Apportionment, to which was referred Engrossed Senate Bill 411, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 3, line 12, after "person" insert "**,**".

Page 6, line 24, delete "together below the names of the offices".

Page 6, line 25, delete "specified in IC 3-11-13-11" and insert "**provided in IC 3-11-13**".

Page 7, line 24, delete "under the names of the offices in the order" and insert "**as provided in IC 3-11-13.**".

Page 7, delete line 25.

Page 8, line 34, delete ":" and insert "**any of the following:**".

Page 8, line 35, delete "an" and insert "**An**".

Page 8, line 35, delete "; or" and insert "**.**".

Page 8, line 36, delete "an" and insert "**An**".

Page 8, delete lines 37 through 40, begin a new line block indented and insert:

"**(3) A voting machine.**

**(4) A punch card ballot voting system.**".

Page 10, line 14, after "name."" insert ".".

Page 12, delete lines 15 through 37, begin a new paragraph and insert:

"**(i) Except as provided by section 3.5 of this chapter, the nominees of a political party or group of petitioners shall be listed on the ballots in the same format that nominees are required to be listed under IC 3-11-2-5.**".

Page 14, delete lines 19 through 22, begin a new paragraph and insert:

"SECTION 21. IC 3-11-12-3.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 3.5. (a) This section applies instead of section 3(i) of this chapter if the county election board adopts a resolution by the unanimous vote of the entire membership of the board to make this section applicable to the ballot in the county.**

**(b) Below the name of the office and the statement required by section 3(h) of this chapter, the names of the candidates for each office must be grouped together in the following order:**

**(1) The major political party whose candidate received the highest number of votes in the county for secretary of state at the last election is listed first.**

**(2) The major political party whose candidate received the second highest number of votes in the county for secretary of state is listed second.**

**(3) All other political parties listed in the order that the parties' candidates for secretary of state finished in the last election are listed after the party listed in subdivision (2).**

**(4) If a political party did not have a candidate for secretary of state in the last election or a nominee is an independent candidate or ticket, the party or candidate is listed after the parties described in subdivisions (1), (2), and (3).**

**(5) If more than one (1) political party or independent candidate or ticket described in subdivision (4) qualifies to be on the ballot, the parties, candidates, or tickets are listed in the order in which the party filed its petition of nomination under IC 3-8-6-12.**

**(6) The name of a write-in candidate may not be listed on the ballot label.**

**(c) A resolution adopted under this section expires January 1 after the election to which the resolution is applicable.**".

Page 14, line 39, delete "," and insert "**and**".

Page 15, delete lines 23 through 42, begin a new paragraph and insert:

"**(g) Except as provided by section 11.5 of this chapter, the nominees of a political party or group of petitioners shall be listed on the ballots in the same format that nominees are required to be listed under IC 3-11-2-5.**".

Page 16, delete lines 1 through 6.

Page 17, delete lines 34 through 37.

Page 17, line 38, delete "(p)" and insert "**(o)**".

Page 18, line 3, delete "(q)" and insert "**(p)**".

Page 18, between lines 9 and 10, begin a new paragraph and insert:

"SECTION 23. IC 3-11-13-11.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 11.5. (a) This section applies instead of section 11(g) of this chapter if the county election board adopts a resolution by the unanimous vote of the entire membership of the board to make this section applicable to the ballot in the county.**

**(b) Below the name of the office and the statement required by section 11(f) of this chapter, the names of the candidates for each office must be grouped together in the following order:**

**(1) The major political party whose candidate received the highest number of votes in the county for secretary of state at the last election is listed first.**

**(2) The major political party whose candidate received the second highest number of votes in the county for secretary of state is listed second.**

**(3) All other political parties listed in the order that the parties' candidates for secretary of state finished in the last election are listed after the party listed in subdivision (2).**

**(4) If a political party did not have a candidate for secretary of state in the last election or a nominee is an independent candidate or ticket, the party or candidate is listed after the parties described in subdivisions (1), (2), and (3).**

**(5) If more than one (1) political party or independent**

**candidate or ticket described in subdivision (4) qualifies to be on the ballot, the parties, candidates, or tickets are listed in the order in which the party filed its petition of nomination under IC 3-8-6-12.**

**(6) The name of a write-in candidate may not be listed on the ballot label.**

**(c) A resolution adopted under this section expires January 1 after the election to which the resolution is applicable.**".

Page 21, line 42, delete ",".

Page 21, line 42, after "and" and insert "**must be**".

Page 22, delete lines 19 through 22.

Renumber all SECTIONS consecutively.

(Reference is to SB 411 as printed January 23, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 7, nays 5.

MAHERN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Elections and Apportionment, to which was referred Engrossed Senate Bill 422, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 1 through 17.

Delete pages 2 through 8.

Page 9, delete lines 1 through 15.

Page 14, delete lines 15 through 42.

Delete pages 15 through 17.

Page 18, delete lines 1 through 2.

Page 20, delete lines 29 through 42.

Delete pages 21 through 31.

Page 32, delete lines 1 through 12.

Renumber all SECTIONS consecutively.

(Reference is to SB 422 as reprinted February 3, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 10, nays 0.

MAHERN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Appointments and Claims, to which was referred Engrossed Senate Bill 425, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 10, nays 0.

HARRIS, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred Engrossed Senate Bill 428, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Replace the effective dates in SECTIONS 1 through 6 with "[EFFECTIVE JULY 1, 2003 (RETROACTIVE)]:".

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-15-6-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 11. This chapter does not apply to public records of a ~~county~~ hospital ~~described~~ ~~in~~ **established and operated under** IC 16-22 ~~and~~ **or** IC 16-23.

SECTION 2. IC 12-15-15-1.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]: **Sec. 1.6. (a) This section applies only if the United States Centers for Medicare and Medicaid Services determines not to approve payments under section 1.5(b) STEP FIVE (A), (B), or (C) of this chapter.**

**(b) If the United States Centers for Medicare and Medicaid Services determines not to approve payments under section 1.5(b) STEP FIVE (A) of this chapter, the office may make payments alternative to the payments under section 1.5(b) STEP FIVE (A) of this chapter if:**

**(1) the payments for a state fiscal year are made only to the hospitals that would have been eligible for payments for that state fiscal year under section 1.5(b) STEP FIVE (A) of this chapter; and**

**(2) the payment for a state fiscal year to each hospital is an amount that is as equal as possible to the amount each hospital would have received under section 1.5(b) STEP FIVE (A) of this chapter for that state fiscal year.**

**(c) If the United States Centers for Medicare and Medicaid Services determines not to approve payments under section 1.5(b) STEP FIVE (B) of this chapter, the office may make payments alternative to the payments under section 1.5(b) STEP FIVE (B) of this chapter if:**

**(1) the payments for a state fiscal year are made only to the hospitals that would have been eligible for payments for that state fiscal year under section 1.5(b) STEP FIVE (B) of this chapter; and**

**(2) the payment for a state fiscal year to each hospital is an amount that is as equal as possible to the amount each hospital would have received under section 1.5(b) STEP FIVE (B) of this chapter for that state fiscal year.**

**(d) If the United States Centers for Medicare and Medicaid Services determines not to approve payments under section 1.5(b) STEP FIVE (C) of this chapter, the office may make payments alternative to the payments under section 1.5(b) STEP FIVE (C) of this chapter if:**

**(1) the payments for a state fiscal year are made only to the hospitals that would have been eligible for payments for that state fiscal year under section 1.5(b) STEP FIVE (C) of this chapter; and**

**(2) the payment for a state fiscal year to each hospital is an amount that is as equal as possible to the amount each hospital would have received under section 1.5(b) STEP FIVE (C) of this chapter for that state fiscal year.**

**(e) If the United States Centers for Medicare and Medicaid Services determines not to approve payments under subsection (b), (c), or (d), the office shall use the funds that would have served as the non-federal share of the payments for a state fiscal year to serve as the non-federal share of a payment pool that shall be distributed to hospitals receiving payments under section 9.5 of this chapter for a state fiscal year. The payment pool shall be distributed on a pro rata basis based upon the amount of payment each hospital received under section 9.5 of this chapter for the state fiscal year.**

**(f) If the United States Centers for Medicare and Medicaid Services determines not to approve payments under subsection (e), the office shall use the funds that would have served as the non-federal share of such payments for a state fiscal year to serve as the non-federal share of a payment program for hospitals to be established by the office. The program shall distribute payments for a state fiscal year based upon a methodology determined by the office to be equitable under the circumstances.**".

Page 10, after line 28, begin a new paragrah and insert:

"SECTION 9. **An emergency is declared for this act.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 428 as printed January 23, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 11, nays 0.

C. BROWN, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Engrossed Senate Bill 434, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-3.5-7-22.5, AS AMENDED BY P.L.224-2003, SECTION 258, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2004]: Sec. 22.5. (a) This section applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500).

(b) In addition to the rates permitted by section 5 of this chapter, the county council may impose the county economic development income tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers if the county council makes the finding and determination set forth in subsection (c).

(c) In order to impose the county economic development income tax as provided in this section, the county council must adopt an ordinance finding and determining that revenues from the county economic development income tax are needed to pay the costs of:

(1) financing and renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions, including the repayment of bonds issued, or leases entered into for renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions;

(2) financing, constructing, acquiring, renovating, and equipping buildings for a volunteer fire department (as defined in IC 36-8-12-2) that provides services in any part of the county; ~~and~~

(3) financing, constructing, acquiring, and renovating firefighting apparatus or other related equipment for a volunteer fire department (as defined in IC 36-8-12-2) that provides services in any part of the county; ~~The revenues from the county economic development income tax imposed under this section may not be used to pay the costs of~~ **and**

**(4)** financing, constructing, acquiring, renovating, and equipping the county courthouse.

(d) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (b). The tax rate may not be imposed at a rate or for a time greater than is necessary to pay for the purposes described in this section.

(e) The county treasurer shall establish a county option tax revenue fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county option tax revenue fund before making a certified distribution under section 11 of this chapter.

(f) County economic development income tax revenues derived from the tax rate imposed under this section:

(1) may only be used for the purposes described in this section;

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and

(3) may be pledged to the repayment of bonds issued, or leases entered into, for the purposes described in subsection (c).

(g) A county described in subsection (a) possesses:

(1) unique fiscal challenges to finance the operations of county government due to the county's ongoing obligation to repay amounts received by the county due to an overpayment of the county's certified distribution under IC 6-3.5-1.1-9 for a prior year; and

(2) unique capital financing needs related to the purposes described in subsection (c).

**(h) This subsection applies if a county council pledges, before July 1, 2004, county economic development income tax revenues derived from the tax rate imposed under this section to the repayment of bonds issued, or leases entered into, for a purpose described in subsection (c)(1). Notwithstanding any provision to the contrary in a bond ordinance or resolution, a bond issued for a purpose described in subsection (c)(1) may not be redeemed or called before the bond's final maturity date as stated in the bond ordinance or resolution. The county council shall spend the county economic development income tax revenues derived from the tax rate imposed under this section as follows:**

**(1) First, to repay a bond issued or lease entered into for a purpose described in subsection (c)(1).**

**(2) Revenue not used to pay bonds or leases as described in subdivision (1) shall be distributed as follows:**

**(A) The balance in the county option tax revenue fund on December 31, 2003, that will not be used to pay bonds or leases shall be transferred under subsection (k).**

**(B) After December 31, 2003, ten percent (10%) of the revenue received under this section that will not be used to pay bonds or leases shall be transferred annually under subsection (k).**

**(3) After the payments under subdivision (1) and the transfers under subdivision (2), the remaining revenue shall be spent in equal amounts to pay the following:**

**(A) Costs described in subsection (c)(2) or (c)(3).**

**(B) Costs described in subsection (c)(4).**

**(i) If a county council adopts a tax rate under subsection (b), there is created a volunteer fire department recommendation panel. The panel shall make recommendations to the county council concerning the expenditure of revenues to pay costs described in subsection (c)(3). The panel consists of five (5) members appointed by the county council who:**

**(1) are affiliated with a volunteer fire department that is located in or serves the county; and**

**(2) evenly represent the population distribution of the county.**

**A member serves at the pleasure of the county council.**

**(j) The wages paid for a project described in subsection (c) must be at least equal to the common construction wage (as defined in IC 5-16-7-4) recommended for the project by the department of workforce development.**

**(k) The following apply to money distributed under subsection (h)(2):**

**(1) The money shall be transferred to the Randolph County Economic Development Foundation.**

**(2) The money may be used by the Randolph County Economic Development Foundation only for job training and job creation programs.**

SECTION 2. IC 36-7-31.3-8, AS AMENDED BY P.L.178-2002, SECTION 126, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) ~~Except as provided in subsection (d),~~ A designating body may designate as part of a professional sports and convention development area any facility that is:

(1) owned by the city, the county, a school corporation, or a board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11, and used by a professional sports franchise for practice or competitive sporting events; or

(2) owned by the city, the county, or a board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11, and used as one (1) of the following:

(A) A facility used principally for convention or tourism related events serving national or regional markets.

(B) An airport.

(C) A museum.

(D) A zoo.

(E) A facility used for public attractions of national significance.

(F) A performing arts venue.

(G) A county courthouse registered on the National Register of Historic Places.

A facility may not include a private golf course or related improvements. The tax area may include only facilities described in this section and any parcel of land on which a facility is located. An area may contain noncontiguous tracts of land within the city, county, or school corporation.

(b) Except for a tax area that is located in a city having a population of:

(1) more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000); or

(2) more than ninety thousand (90,000) but less than one hundred five thousand (105,000);

a tax area must include at least one (1) facility described in subsection (a)(1).

(c) Except as provided in subsection (d), a tax area may contain other facilities not owned by the designating body if:

(1) the facility is owned by a city, the county, a school

corporation, or a board established under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11; and

(2) an agreement exists between the designating body and the owner of the facility specifying the distribution and uses of the covered taxes to be allocated under this chapter.

~~(d) In a city having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000), the designating body may designate only one (1) facility as part of a tax area. The facility designated as part of the tax area may not be a facility described in subsection (a)(1).~~".

Page 1, line 5, delete "subdivision subdivisions (2) and (3)," and insert "subdivision (2)".

Page 1, line 6, reset in roman "or".

Page 1, line 7, delete "except as provided in subdivision (3),".

Page 1, line 8, strike "July 1, 2003;".

Page 1, line 8, delete "or" and insert "**January 1, 2005;**".

Page 1, delete line 9.

Page 2, delete lines 34 through 42.

Page 3, delete lines 1 through 4.

Renumber all SECTIONS consecutively.

(Reference is to SB 434 as printed January 30, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 15, nays 9.

CRAWFORD, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Engrossed Senate Bill 441, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 4, between lines 31 and 32, begin a new paragraph and insert:

"SECTION 2. IC 6-1.1-1-6.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 6.5. "Fair market value" means, for purposes of determining the assessed value of real property used as residential property, the price at which a willing buyer and a willing seller dealing at arm's length would arrive, after negotiation, for a sale of property for the existing use of the property as residential property when neither is acting under compulsion and both have a reasonable knowledge of all the facts that affect value.**

SECTION 3. IC 6-1.1-1-8.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: **Sec. 8.6. "Low income housing" means real property that, on an assessment date, is used to obtain or receives any of the following benefits:**

**(1) Low income housing credits under Section 42 of the Internal Revenue Code.**

**(2) Low interest loans for benefits from the United States Department of Agriculture Rural Housing Section 515 Program.**

**(3) Below market, federally insured, or governmental financing for housing, including tax exempt bonds under Section 142 of the Internal Revenue Code for qualified residential rental projects.**

**(4) A grant or low interest loan under Section 235 or 236 of the National Housing Act (12 U.S.C. 1715z or 12 U.S.C. 1715z-1) or 42 U.S.C. 1485.**

**(5) A government rent subsidy for housing.**

**(6) A government guaranteed loan for a housing project.**

SECTION 4. IC 6-1.1-1-22.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 22.7. "True tax value" means, for purposes of determining the assessed value of real property used as residential property, an assessed value that does not exceed fair market value.**

SECTION 5. IC 6-1.1-4-5, AS AMENDED BY P.L.90-2002, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) A petition for the reassessment of real property situated within a township may be filed with the department of local government finance on or before March 31st of any year ~~which is not a general election year and~~ in which no general reassessment of real property is made.

(b) The petition ~~for reassessment~~ **referred to in subsection (a)** must be signed by ~~not less than the following percentage of all the owners of taxable real property who reside in the township:~~

~~(1) fifteen percent (15%) for a township which does not contain an incorporated city or town;~~

~~(2) five percent (5%) for a township containing all or part of an incorporated city or town which has a population of five thousand (5,000) or less;~~

~~(3) four percent (4%) for a township containing all or part of an incorporated city which has a population of more than five thousand (5,000) but not exceeding ten thousand (10,000);~~

~~(4) three percent (3%) for a township containing all or part of an incorporated city which has a population of more than ten thousand (10,000) but not exceeding fifty thousand (50,000);~~

~~(5) two percent (2%) for a township containing all or part of an incorporated city which has a population of more than fifty thousand (50,000) but not exceeding one hundred fifty thousand (150,000); or~~

~~(6) one percent (1%) for a township containing all or part of an incorporated city which has a population of more than one hundred fifty thousand (150,000).~~

**at least the lesser of:**

**(1) ten (10) owners of real property in a township; or**

**(2) the number of owners of real property in the township that represents owners of one percent (1%) of the assessed value of real property in the township.**

**(c)** The signatures on the petition **referred to in subsection (a)** must be verified by the oath of one (1) or more of the signers. ~~And,~~ A certificate of the county auditor stating that the signers constitute the required number of resident owners of taxable real property of the township must accompany the petition.

SECTION 6. IC 6-1.1-4-32, AS AMENDED BY P.L.235-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 32. (a) As used in this section, "contract" refers to a contract entered into under this section.

(b) As used in this section, "contractor" refers to a firm that enters into a contract with the department of local government finance under this section.

(c) As used in this section, "qualifying county" means a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(d) Notwithstanding sections 15 and 17 of this chapter, a township assessor in a qualifying county may not appraise property, or have property appraised, for the general reassessment of real property to be completed for the March 1, 2002, assessment date. Completion of that general reassessment in a qualifying county is instead governed by this section. The only duty of:

(1) a township assessor in a qualifying county; or

(2) a county assessor of a qualifying county;

with respect to that general reassessment is to provide to the department of local government finance or the department's contractor under subsection (e) any support and information requested by the department or the contractor. This subsection expires June 30, 2004.

(e) Subject to section 33 of this chapter, the department of local government finance shall select and contract with a certified public accounting firm with expertise in the appraisal of real property to appraise property for the general reassessment of real property in a qualifying county to be completed for the March 1, 2002, assessment date. The department of local government finance may enter into additional contracts to provide software or other auxiliary services to be used for the appraisal of property for the general reassessment. The contract applies for the appraisal of land and improvements with respect to all classes of real property in the qualifying county. The contract must include:

(1) a provision requiring the appraisal firm to:

(A) prepare a detailed report of:

(i) expenditures made after July 1, 1999, and before the date of the report from the qualifying county's reassessment fund under section 28 of this chapter (repealed); and

(ii) the balance in the reassessment fund as of the date of

the report; and

(B) file the report with:

(i) the legislative body of the qualifying county;

(ii) the prosecuting attorney of the qualifying county;

(iii) the department of local government finance; and

(iv) the attorney general;

(2) a fixed date by which the appraisal firm must complete all responsibilities under the contract;

(3) subject to subsection (t), a provision requiring the appraisal firm to use the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal);**

(4) a penalty clause under which the amount to be paid for appraisal services is decreased for failure to complete specified services within the specified time;

(5) a provision requiring the appraisal firm to make periodic reports to the department of local government finance;

(6) a provision stipulating the manner in which, and the time intervals at which, the periodic reports referred to in subdivision (5) are to be made;

(7) a precise stipulation of what service or services are to be provided;

(8) a provision requiring the appraisal firm to deliver a report of the assessed value of each parcel in a township in the qualifying county to the department of local government finance; and

(9) any other provisions required by the department of local government finance.

After December 31, 2001, the department of local government finance has all the powers and duties of the state board of tax commissioners provided under a contract entered into under this subsection (as effective before January 1, 2002) before January 1, 2002. The contract is valid to the same extent as if it were entered into by the department of local government finance. However, a reference in the contract to the state board of tax commissioners shall be treated as a reference to the department of local government finance. The contract shall be treated for all purposes, including the application of IC 33-3-5-2.5, as the contract of the department of local government finance. If the department of local government finance terminates a contract before completion of the work described in this subsection, the department shall contract for completion of the work as promptly as possible under IC 5-22-6. This subsection expires June 30, 2004.

(f) At least one (1) time each month, the contractors that will make physical visits to the site of real property for reassessment purposes shall publish a notice under IC 5-3-1 describing the areas that are scheduled to be visited within the next thirty (30) days and explaining the purposes of the visit. The notice shall be published in a way to promote understanding of the purposes of the visit in the affected areas. After receiving the report of assessed values from the appraisal firm acting under a contract described in subsection (e), the department of local government finance shall give notice to the taxpayer and the county assessor, by mail, of the amount of the reassessment. The notice of reassessment:

(1) is subject to appeal by the taxpayer under section 34 of this chapter; and

(2) must include a statement of the taxpayer's rights under sections 33 and 34 of this chapter.

(g) The department of local government finance shall mail the notice required by subsection (f) within ninety (90) days after the department receives the report for a parcel from the professional appraisal firm. This subsection expires June 30, 2004.

(h) The qualifying county shall pay the cost of any contract under this section which shall be without appropriation from the county property reassessment fund. A contractor may periodically submit bills for partial payment of work performed under a contract. However, the maximum amount that the qualifying county is obligated to pay for all contracts entered into under subsection (e) for the general reassessment of real property in the qualifying county to be completed for the March 1, 2002, assessment date is twenty-five million five hundred thousand dollars ($25,500,000). Notwithstanding any other law, a contractor is entitled to payment under this subsection for work performed under a contract if the contractor:

(1) submits, in the form required by IC 5-11-10-1, a fully itemized, certified bill for the costs under the contract of the work performed to the department of local government finance for review;

(2) obtains from the department of local government finance:

(A) approval of the form and amount of the bill; and

(B) a certification that the billed goods and services billed for payment have been received and comply with the contract; and

(3) files with the county auditor of the qualifying county:

(A) a duplicate copy of the bill submitted to the department of local government finance;

(B) the proof of approval provided by the department of local government finance of the form and amount of the bill that was approved; and

(C) the certification provided by the department of local government finance that indicates that the goods and services billed for payment have been received and comply with the contract.

An approval and a certification under subdivision (2) shall be treated as conclusively resolving the merits of the claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive of the qualifying county. The county executive shall allow the claim, in full, as approved by the department of local government finance without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department of local government finance. Compliance with this subsection shall be treated as compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection. This subsection expires June 30, 2004.

(i) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2 on a contract of the department of local government finance under this section:

(1) The commissioner of the Indiana department of administration.

(2) The director of the budget agency.

(3) The attorney general.

(4) The governor.

(j) With respect to a general reassessment of real property to be completed under section 4 of this chapter for an assessment date after the March 1, 2002, assessment date, the department of local government finance shall initiate a review with respect to the real property in a qualifying county or a township in a qualifying county, or a portion of the real property in a qualifying county or a township in a qualifying county. The department of local government finance may contract to have the review performed by an appraisal firm. The department of local government finance or its contractor shall determine for the real property under consideration and for the qualifying county or township the variance between:

(1) the total assessed valuation of the real property within the qualifying county or township; and

(2) the total assessed valuation that would result if the real property within the qualifying county or township were valued in the manner provided by law.

(k) If:

(1) the variance determined under subsection (j) exceeds ten percent (10%); and

(2) the department of local government finance determines after holding hearings on the matter that a special reassessment should be conducted;

the department shall contract for a special reassessment by an appraisal firm to correct the valuation of the property.

(l) If the variance determined under subsection (j) is ten percent

(10%) or less, the department of local government finance shall determine whether to correct the valuation of the property under:

(1) sections 9 and 10 of this chapter; or

(2) IC 6-1.1-14-10 and IC 6-1.1-14-11.

(m) The department of local government finance shall give notice by mail to a taxpayer of a hearing concerning the department's intent to cause the taxpayer's property to be reassessed under this section. The time fixed for the hearing must be at least ten (10) days after the day the notice is mailed. The department of local government finance may conduct a single hearing under this section with respect to multiple properties. The notice must state:

(1) the time of the hearing;

(2) the location of the hearing; and

(3) that the purpose of the hearing is to hear taxpayers' comments and objections with respect to the department of local government finance's intent to reassess property under this chapter.

(n) If the department of local government finance determines after the hearing that property should be reassessed under this section, the department shall:

(1) cause the property to be reassessed under this section;

(2) mail a certified notice of its final determination to the county auditor of the qualifying county in which the property is located; and

(3) notify the taxpayer by mail of its final determination.

(o) A reassessment may be made under this section only if the notice of the final determination under subsection (m) is given to the taxpayer within the same period prescribed in IC 6-1.1-9-3 or IC 6-1.1-9-4.

(p) If the department of local government finance contracts for a special reassessment of property under this section, the qualifying county shall pay the bill, without appropriation, from the county property reassessment fund. A contractor may periodically submit bills for partial payment of work performed under a contract. Notwithstanding any other law, a contractor is entitled to payment under this subsection for work performed under a contract if the contractor:

(1) submits, in the form required by IC 5-11-10-1, a fully itemized, certified bill for the costs under the contract of the work performed to the department of local government finance for review;

(2) obtains from the department of local government finance:

(A) approval of the form and amount of the bill; and

(B) a certification that the billed goods and services billed for payment have been received and comply with the contract; and

(3) files with the county auditor of the qualifying county:

(A) a duplicate copy of the bill submitted to the department of local government finance;

(B) the proof of approval provided by the department of local government finance of the form and amount of the bill that was approved; and

(C) the certification provided by the department of local government finance that indicates that the goods and services billed for payment have been received and comply with the contract.

An approval and a certification under subdivision (2) shall be treated as conclusively resolving the merits of the claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive of the qualifying county. The county executive shall allow the claim, in full, as approved by the department of local government finance without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department of local government finance. Compliance with this subsection shall be treated as compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection.

(q) A qualifying official (as defined in IC 33-3-5-2.5) shall provide information requested in writing by the department of local government finance or the department's contractor under this section not later than seven (7) days after receipt of the written request from the department or the contractor. If a qualifying official (as defined in IC 33-3-5-2.5) fails to provide the requested information within the time permitted in this subsection, the department of local government finance or the department's contractor may seek an order of the tax court under IC 33-3-5-2.5 for production of the information.

(r) The provisions of this section are severable in the manner provided in IC 1-1-1-8(b).

(s) A contract entered into under subsection (e) is subject to this subsection. A contractor shall use the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)** to the extent that the contractor finds that the land values reflect the true tax value of land, as determined under the statutes and the rules of the department of local government finance. If the contractor finds that the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)** do not reflect the true tax value of land, the contractor shall determine land values for the qualifying county that reflect the true tax value of land, as determined under the statutes and the rules of the department of local government finance. The land values determined by the contractor shall be used to the same extent as if the land values had been determined under section 13.6 of this chapter **(before its repeal).** The contractor shall notify the county assessor and the township assessors in the qualifying county of the land values as modified under this subsection. This subsection expires June 30, 2004.

(t) A contractor acting under a contract under subsection (e) may notify the department of local government finance if:

(1) the county auditor fails to:

(A) certify the bill;

(B) publish the claim;

(C) submit the claim to the county executive; or

(D) issue a warrant or check;

as required in subsection (h) at the first opportunity the county auditor is legally permitted to do so;

(2) the county executive fails to allow the claim as required in subsection (h) at the first opportunity the county executive is legally permitted to do so; or

(3) a person or entity authorized to act on behalf of the county takes or fails to take an action, including failure to request an appropriation, and that action or failure to act delays or halts the process under this section for payment of a bill submitted by a contractor under subsection (h).

This subsection expires June 30, 2004.

(u) The department of local government finance, upon receiving notice under subsection (t) from the contractor, shall:

(1) verify the accuracy of the contractor's assertion in the notice that:

(A) a failure occurred as described in subsection (t)(1) or (t)(2); or

(B) a person or entity acted or failed to act as described in subsection (t)(3); and

(2) provide to the treasurer of state the department of local government finance's approval under subsection (h)(2)(A) of the bill with respect to which the contractor gave notice under subsection (t).

This subsection expires June 30, 2004.

(v) Upon receipt of the approval of the department of local government finance under subsection (u), the treasurer of state shall pay the contractor the amount of the bill approved by the department of local government finance from money in the possession of the state that would otherwise be available for distribution to the qualifying county, including distributions from the property tax replacement fund or distributions of admissions taxes or wagering taxes. This subsection expires June 30, 2004.

(w) The treasurer of state shall withhold from the part attributable

to the county of the next distribution to the county treasurer under IC 4-33-12-6, IC 4-33-13-5, IC 6-1.1-21-4(b), or another law the amount of any payment made by the treasurer of state to the contractor under subsection (v). Money shall be deducted first from money payable under IC 6-1.1-21.4(b) and then from all other funds payable to the qualifying county. This subsection expires June 30, 2004.

(x) Compliance with subsections (t) through (w) shall be treated as compliance with IC 5-11-10.This subsection expires June 30, 2004.

(y) IC 5-11-10-1.6(d) applies to the treasurer of state with respect to the payment made in compliance with subsections (t) through (w). This subsection and subsections (t) through (x) shall be interpreted liberally so that the state shall, to the extent legally valid, ensure that the contractual obligations of a county under this section are paid. Nothing in this subsection or subsections (t) through (x) shall be construed to create a debt of the state. This subsection expires June 30, 2004.

(z) This section expires December 31, 2006.".

Page 10, line 24, after "chapter" insert "**(before its repeal)**".

Page 10, line 29, after "chapter" insert "**(before its repeal)**".

Page 10, line 35, after "chapter" delete "." and insert "**(before its repeal).**".

Page 12, between lines 4 and 5, begin a new paragraph and insert:

"SECTION 9. IC 6-1.1-4-39, AS ADDED BY P.L.1-2004, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: Sec. 39. (a) For assessment dates after February ~~28, 2005,~~ **29, 2004,** except as provided in subsection (c) **and IC 6-1.1-6.9-1,** the true tax value of real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more and that has more than four (4) rental units is the lowest valuation determined by applying each of the following appraisal approaches:

(1) Cost approach that includes an estimated reproduction or replacement cost of buildings and land improvements as of the date of valuation together with estimates of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences.

(2) Sales comparison approach, using data for generally comparable property.

(3) Income capitalization approach, using an applicable capitalization method and appropriate capitalization rates that are developed and used in computations that lead to an indication of value commensurate with the risks for the subject property use.

(b) The gross rent multiplier method is the preferred method of valuing:

(1) real property that has at least one (1) and not more than four (4) rental units; and

(2) mobile homes assessed under IC 6-1.1-7.

(c) A township assessor is not required to appraise real property referred to in subsection (a) using the three (3) appraisal approaches listed in subsection (a) if the township assessor and the taxpayer agree before notice of the assessment is given to the taxpayer under section 22 of this chapter to the determination of the true tax value of the property by the assessor using one (1) of those appraisal approaches.

(d) To carry out this section, the department of local government finance may adopt rules for assessors to use in gathering and processing information for the application of the income capitalization method and the gross rent multiplier method. A taxpayer must verify under penalties for perjury any information provided to the assessor for use in the application of either method.

SECTION 10. IC 6-1.1-4-40 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 40. (a) As used in this section:**

**(1) "Appendix C" refers to the Real Property Assessment Guidelines for 2002, Book 1, Appendix C, issued by the department of local government finance;**

**(2) "Appendix G" refers to the Real Property Assessment Guidelines for 2002, Book 2, Appendix G, issued by the department of local government finance; and**

**(3) "location cost multiplier" means:**

**(A) any multiplier or factor designed to account in the real property assessment process for variances in construction costs among jurisdictions; or**

**(B) a multiplier or factor determined for the same purposes and in the same manner as a location cost multiplier:**

**(i) determined by a county assessor as described in Appendix C or Appendix G; or**

**(ii) contained in Table G-1 to Appendix C or Table G-1 to Appendix G.**

**(b) A location cost multiplier may not be used in the assessment of real property for assessments after December 31, 2008.**

SECTION 11. IC 6-1.1-5.5-3, AS AMENDED BY P.L.1-2004, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Before filing a conveyance document with the county auditor under IC 6-1.1-5-4, all the parties to the conveyance must complete and sign a sales disclosure form as prescribed by the department of local government finance under section 5 of this chapter. All the parties may sign one (1) form, or if all the parties do not agree on the information to be included on the completed form, each party may sign and file a separate form.

(b) Except as provided in subsection (c), the auditor shall forward each sales disclosure form to the county assessor. The county assessor shall retain the forms for five (5) years. The county assessor shall forward the sales disclosure form data to the department of local government finance and the legislative services agency:

(1) before January 1, 2005, in an electronic format, if possible; and

(2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

The county assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for ~~the purposes established in IC 6-1.1-4-13.6,~~ sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

(c) In a county containing a consolidated city, the auditor shall forward the sales disclosure form to the appropriate township assessor. The township assessor shall forward the sales disclosure form to the department of local government finance and the legislative services agency:

(1) before January 1, 2005, in an electronic format, if possible; and

(2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

The township assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for ~~the purposes established in IC 6-1.1-4-13.6,~~ sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

SECTION 12. IC 6-1.1-6.9 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]:

**Chapter 6.9. Low Income Rental Housing; Assessment**

**Sec. 1. The true tax value of low income rental housing shall be determined using the capitalization of income method of valuation.**

**Sec. 2. The value of any tax credits or other government subsidies, including below market financing, granted for the construction, conversion, or use of property as low income housing may not be considered in determining the true tax value of the property regardless of whether the credits or other subsidies are made available, directly or indirectly, to compensate the owner for the rental of low income housing at a rate that is less than the fair market rental rate for the property.**

SECTION 13. IC 6-1.1-12.1-15 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 15. Notwithstanding the**

**enactment of P.L.245-2003 and P.L.256-2003, the duties under this chapter that are transferred from the department of local government finance to county auditors by the acts referred to in this section shall be performed by the department of local government finance for actions related to the granting of deductions for property taxes first due and payable in 2006.**

SECTION 14. IC 6-1.1-13-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. ~~The powers granted to each county property tax assessment board of appeals under this chapter apply only to the tangible property assessments made with respect to the last preceding assessment date.~~ Before a county property tax assessment board of appeals changes any valuation or adds any tangible property and the value of it to a return or the assessment rolls under this chapter, the board shall give prior notice by mail to the taxpayer. The notice must state a time when and place where the taxpayer may appear before the board. The time stated in the notice must be at least ten (10) days after the date the notice is mailed.

SECTION 15. IC 6-1.1-13-6, AS AMENDED BY P.L.256-2003, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. A county assessor shall inquire into the assessment of the classes of tangible property in the various townships of the county:

**(1)** after March 1 in the year in which ~~the~~ **a** general reassessment **of real property** becomes effective **under IC 6-1.1-4-4; or**

**(2) in other years under the rules of the department of local government finance concerning:**

**(A) equalization under IC 6-1.1-14; and**

**(B) annual adjustments under IC 6-1.1-4-4.5.**

The county assessor shall make any changes, whether increases or decreases, in the assessed values which are necessary in order to equalize these values in and between the various townships of the county. In addition, the county assessor shall determine the percent to be added to or deducted from the assessed values in order to make a just, equitable, and uniform equalization of assessments in and between the townships of the county.

SECTION 16. IC 6-1.1-13-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. **(a)** If a county assessor proposes to change assessments under section 6 of this chapter, the property tax assessment board of appeals shall hold a hearing on the proposed changes:

**(1)** before July 15 in ~~the~~ **a** year in which a general assessment ~~is to commence;~~ **becomes effective; or**

**(2) in other years under the rules of the department of local government finance concerning:**

**(A) equalization under IC 6-1.1-14; and**

**(B) annual adjustments under IC 6-1.1-4-4.5.**

**(b)** It is sufficient notice of ~~the~~ **a** hearing **under subsection (a)** and of any changes in assessments ordered by the board subsequent to the hearing if the board gives notice by publication once either in:

(1) two (2) newspapers which represent different political parties and which are published in the county; or

(2) one (1) newspaper only, if two (2) newspapers which represent different political parties are not published in the county.

SECTION 17. IC 6-1.1-14-4, AS AMENDED BY P.L.90-2002, SECTION 130, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. The department of local government finance shall review the assessments of all tangible property made by the various counties of this state. **The department of local government finance may employ qualified professional appraisers and other professionals to assist in the review.** If the department of local government finance determines that the assessment of a county appears to be improper, the department shall mail a certified notice to the auditor of the county informing the auditor of the department's determination to consider the modification of that county's assessment. The notice shall state whether the modification to be considered is related to real property, personal property, or both. The notice shall also state a day, at least ten (10) days after the day the notice is mailed, when a hearing on the assessment will be held. In addition to the notice to the county auditor, the department of local government finance shall give the notice, if any, required under section 9(a) of this chapter.

SECTION 18. IC 6-1.1-15-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. (a) This section applies to an assessment of real property used as residential property for an assessment date after February 28, 2002.**

**(b) Notwithstanding IC 6-1.1-31-6(c), for purposes of:**

**(1) a review or an appeal under this chapter; or**

**(2) a hearing or an appeal under IC 6-1.1-4;**

**a taxpayer may state as a basis for the review that the assessed value determined by the assessing officials for the property exceeds the property's fair market value on the determination date used to value the property under the rules of the department of local government finance. If a taxpayer presents competent evidence of the property's fair market value in a review, the property shall be assessed at a value that does not exceed its fair market value.**

SECTION 19. IC 6-1.1-17-1, AS AMENDED BY P.L.90-2002, SECTION 147, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners **and in the form required by the department of local government finance,** to the fiscal officer of each political subdivision of the county and the department of local government finance. The statement shall contain:

(1) information concerning the assessed valuation in the political subdivision for the next calendar year;

(2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;

(3) the current assessed valuation as shown on the abstract of charges;

(4) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the department of local government finance; and

(5) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

SECTION 20. IC 6-1.1-17-20, AS AMENDED BY P.L.1-2004, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. (a) This section applies:

(1) to each governing body of a taxing unit that is not comprised of a majority of officials who are elected to serve on the governing body; and

(2) if the proposed property tax levy for the taxing unit for the ensuing calendar year is more than five percent (5%) greater than the property tax levy for the taxing unit for the current calendar year.

(b) As used in this section, "taxing unit" has the meaning set forth in IC 6-1.1-1-21, except that the term does not include a school corporation.

(c) **This subsection does not apply to a public library.** If:

(1) the assessed valuation of a taxing unit is entirely contained within a city or town; or

(2) the assessed valuation of a taxing unit is not entirely contained within a city or town but the taxing unit was originally established by the city or town;

the governing body shall submit its proposed budget and property tax levy to the city or town fiscal body. The proposed budget and levy shall be submitted at least fourteen (14) days before the city or town fiscal body is required to hold budget approval hearings under this chapter.

(d) **This subsection does not apply to a public library.** If subsection (c) does not apply, the governing body of the taxing unit shall submit its proposed budget and property tax levy to the county fiscal body in the county where the taxing unit has the most assessed valuation. The proposed budget and levy shall be submitted at least fourteen (14) days before the county fiscal body is required to hold budget approval hearings under this chapter.

**(e) This subsection applies to a taxing unit that is a public library. The library board of a public library subject to this section shall submit its proposed budget and property tax levy to the fiscal body designated under IC 20-14-14.**

~~(e)~~ **(f)** The fiscal body of the city, town, or county (whichever applies) **or the fiscal body designated under IC 20-14-14 (in the case of a public library)** shall review each budget and proposed tax levy and adopt a final budget and tax levy for the taxing unit. The fiscal body may reduce or modify but not increase the proposed budget or tax levy.".

Page 13, between lines 38 and 39, begin a new paragraph and insert:

"SECTION 23. IC 6-1.1-18.5-21 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 21. (a) As used in this section, "department" refers to the department of local government finance.**

**(b) As used in this section, "municipality" has the meaning set forth in IC 36-1-2-11.**

**(c) Notwithstanding section 1 of this chapter, for all computations under section 3 of this chapter for ensuing calendar year 2005, a municipality's "maximum permissible ad valorem property tax levy for the preceding calendar year" is the greater of:**

**(1) the amount determined under this section; or**

**(2) the amount determined under the definition of "maximum permissible ad valorem property tax levy for the preceding calendar year" in section 1 of this chapter.**

**(d) Except as provided in subsection (c)(1), a municipality's maximum permissible ad valorem property tax levy for the preceding calendar year for purposes of computing a municipality's maximum permissible ad valorem property tax levy for ensuing calendar year 2005 is equal to the amount determined under STEP THREE of the following formula:**

**STEP ONE: Determine the municipality's maximum permissible ad valorem property tax levy for ensuing calendar year 2002, after eliminating the effects of temporary excessive levy appeals and temporary adjustments to the maximum permissible ad valorem property tax levy, as determined by the department.**

**STEP TWO: Multiply the STEP ONE amount by the assessed value growth quotient determined under section 2 of this chapter for ensuing calendar year 2003.**

**STEP THREE: Multiply the STEP TWO amount by the assessed value growth quotient determined under section 2 of this chapter for ensuing calendar year 2004.**

SECTION 24. IC 6-1.1-19-1.5, AS AMENDED BY P.L.1-2004, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.5. (a) The following definitions apply throughout this section and IC 21-3-1.7:

(1) "Adjustment factor" means the adjustment factor determined by the department of local government finance for a school corporation under IC 6-1.1-34.

(2) "Adjusted target property tax rate" means:

(A) the school corporation's target general fund property tax rate determined under IC 21-3-1.7-6.8; multiplied by

(B) the school corporation's adjustment factor.

(3) "Previous year property tax rate" means the school corporation's previous year general fund property tax rate after the reductions cited in IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and IC 21-3-1.7-5(3).

(b) Except as otherwise provided in this chapter, a school corporation may not, for a calendar year beginning after December 31, 2004, impose a general fund ad valorem property tax levy which exceeds the following:

STEP ONE: Determine the result of:

(A) the school corporation's adjusted target property tax rate; minus

(B) the school corporation's previous year property tax rate.

STEP TWO: If the school corporation's adjusted target property tax rate:

(A) exceeds the school corporation's previous year property tax rate, perform the calculation under STEP THREE and not under STEP FOUR;

(B) is less than the school corporation's previous year property tax rate, perform the calculation under STEP FOUR and not under STEP THREE; or

(C) equals the school corporation's previous year property tax rate, determine the levy resulting from using the school corporation's adjusted target property tax rate and do not perform the calculation under STEP THREE or STEP FOUR.

STEP THREE: Determine the levy resulting from using the school corporation's previous year property tax rate after increasing the rate by the lesser of:

(A) the STEP ONE result; or

(B) five cents ($0.05).

STEP FOUR: Determine the levy resulting from using the school corporation's previous year property tax rate after reducing the rate by the lesser of:

(A) the absolute value of the STEP ONE result; or

(B) five cents ($0.05).

STEP FIVE: Determine the result of:

(A) the STEP TWO (C), STEP THREE, or STEP FOUR result, whichever applies; plus

(B) an amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

The maximum levy is to include the portion of any excessive levy and the levy for new facilities.

STEP SIX: Determine the result of:

(A) the STEP FIVE result; plus

(B) the product of:

(i) the weighted average of the amounts determined under IC 21-3-1.7-6.7(e) STEP NINE for all charter schools attended by students who have legal settlement in the school corporation; multiplied by

(ii) thirty-five hundredths (0.35).

In determining the number of students for purposes of this STEP, each kindergarten pupil shall be counted as one-half (1/2) pupil.

The result determined under this STEP may not be included in the school corporation's adjusted base levy for the year following the year in which the result applies or in the school corporation's determination of tuition support.

(c) For purposes of this section, "total assessed value" with respect to a school corporation means the total assessed value of all taxable property for ad valorem property taxes first due and payable during that year.

(d) The department of local government finance shall annually establish an assessment ratio and adjustment factor for each school corporation to be used upon the review and recommendation of the budget committee. The information compiled, including background documentation, may not be used in a:

(1) review of an assessment under IC 6-1.1-8, IC 6-1.1-13, IC 6-1.1-14, or IC 6-1.1-15;

(2) petition for a correction of error under IC 6-1.1-15-12; or

(3) petition for refund under IC 6-1.1-26.

(e) All tax rates shall be computed by rounding the rate to the nearest ~~one-hundredth~~ **ten-thousandth** of a cent ~~($0.0001).~~ **($0.000001).** All tax levies shall be computed by rounding the levy to the nearest dollar amount.

(f) For the calendar year beginning January 1, 2004, and ending December 31, 2004, a school corporation may impose a general fund ad valorem property tax levy in the amount determined under STEP EIGHT of the following formula:

STEP ONE: Determine the quotient of:

(A) the school corporation's 2003 assessed valuation; divided

by

(B) the school corporation's 2002 assessed valuation.

STEP TWO: Determine the greater of zero (0) or the difference between:

(A) the STEP ONE amount; minus

(B) one (1).

STEP THREE: Determine the lesser of eleven-hundredths (0.11) or the product of:

(A) the STEP TWO amount; multiplied by

(B) eleven-hundredths (0.11).

STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

(B) one (1).

STEP FIVE: Determine the product of:

(A) the STEP FOUR amount; multiplied by

(B) the school corporation's general fund ad valorem property tax levy for calendar year 2003.

STEP SIX: Determine the lesser of:

(A) the STEP FIVE amount; or

(B) the levy resulting from using the school corporation's previous year property tax rate after increasing the rate by five cents ($0.05).

STEP SEVEN: Determine the result of:

(A) the STEP SIX amount; plus

(B) an amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

The maximum levy is to include the part of any excessive levy and the levy for new facilities.

STEP EIGHT: Determine the result of:

(A) the STEP SEVEN result; plus

(B) the product of:

(i) the weighted average of the amounts determined under IC 21-3-1.7-6.7(e) STEP NINE for all charter schools attended by students who have legal settlement in the school corporation; multiplied by

(ii) thirty-five hundredths (0.35).

In determining the number of students for purposes of this STEP, each kindergarten pupil shall be counted as one-half (1/2) pupil.

The result determined under this STEP may not be included in the school corporation's adjusted base levy for the year following the year in which the result applies or in the school corporation's determination of tuition support.".

Page 16, line 1, after "engineer," insert "**a surveyor,**".

Page 16, between lines 19 and 20, begin a new paragraph and insert:

"SECTION 27. IC 6-1.1-21-4, AS AMENDED BY P.L.245-2003, SECTION 19, AND AS AMENDED BY P.L.264-2003, SECTION 12, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Each year the department shall allocate from the property tax replacement fund an amount equal to the sum of:

(1) each county's total eligible property tax replacement amount for that year; plus

(2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus

(3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the subdivision (1) amount that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(b) Except as provided in subsection (e), between March 1 and August 31 of each year, the department shall distribute to each county treasurer from the property tax replacement fund one-half (1/2) of the estimated distribution for that year for the county. Between September 1 and December 15 of that year, the department shall distribute to each county treasurer from the property tax replacement fund the remaining one-half (1/2) of each estimated distribution for that year. The amount of the distribution for each of these periods shall be according to a schedule determined by the property tax replacement fund board under section 10 of this chapter. The estimated distribution for each county may be adjusted from time to time by the department to reflect any changes in the total county tax levy upon which the estimated distribution is based.

(c) On or before December 31 of each year or as soon thereafter as possible, the department shall make a final determination of the amount which should be distributed from the property tax replacement fund to each county for that calendar year. This determination shall be known as the final determination of distribution. The department shall distribute to the county treasurer or receive back from the county treasurer any deficit or excess, as the case may be, between the sum of the distributions made for that calendar year based on the estimated distribution and the final determination of distribution. The final determination of distribution shall be based on the auditor's abstract filed with the auditor of state, adjusted for postabstract adjustments included in the December settlement sheet for the year, and such additional information as the department may require.

(d) All distributions provided for in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state. If the amounts allocated by the department from the property tax replacement fund exceed in the aggregate the balance of money in the fund, then the amount of the deficiency shall be transferred from the state general fund to the property tax replacement fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the payment of that amount. However, any amount transferred under this section from the general fund to the property tax replacement fund shall, as soon as funds are available in the property tax replacement fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (i), the ~~department~~ **auditor of state** shall not distribute **to a county treasurer two percent (2%) of the money otherwise distributable** under subsection (b), **subsection (c),** and section 10 of this chapter ~~the money attributable to the county's property reassessment fund~~ if:

*(1)* by the date the distribution is scheduled to be made, ~~*(1)*~~ the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance; ~~or~~

*(2) by the deadline under IC 36-2-9-20, the county auditor has not transmitted data as required under that section;* **or**

~~*(2)*~~ **(3)** *the county assessor has not forwarded* **to the department of local government finance** *the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a).*

**The auditor of state shall consider the provision of information referred to in this subsection to be untimely if the department notifies the auditor of state in writing that information provided is inaccurate, incomplete, or, with respect to information referred to in subdivisions (1) and (2), not in the form required by the department of local government finance. The withholding under this subsection of two percent (2%) of money otherwise distributable under section 10 of this chapter applies separately to each distribution referred to in section 10(b) of this chapter.**

(f) Except as provided in subsection (i), if the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the

county required to be transmitted under IC 6-1.1-4-25(b), the ~~state board or the department~~ **auditor of state** shall not distribute **to the county treasurer two percent (2%) of the money otherwise distributable to the county treasurer** under ~~subsection~~ **subsections** (b) **and (c)** and section 10 of this chapter. ~~a part of the money attributable to the county's property reassessment fund. The portion not distributed is the amount that bears the same proportion to the total potential distribution as the number of townships in the county for which data was not transmitted by *August 1 October 1* as described in this section bears to the total number of townships in the county.~~

(g) Money not distributed *~~under subsection (e)~~ for the reasons stated in subsection (e)(1), ~~and~~ (e)(2),* **and (e)(3)** shall be distributed to the county when:

*(1)* the county auditor sends to the department of local government finance the certified statement required to be sent under IC 6-1.1-17-1; *~~and~~*

*(2)* **the county auditor transmits data as required under IC 36-2-9-20; and**

**(3)** *the county assessor forwards to the department of local government finance the approved exemption applications required to be forwarded under IC 6-1.1-11-8(a);*

with respect to which the failure to send, **transmit,** *or forward* resulted in the withholding of the distribution under subsection (e).

(h) Money not distributed under subsection (f) shall be distributed to the county when the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor transmits to the department of local government finance the data required to be transmitted under IC 6-1.1-4-25(b) with respect to which the failure to transmit resulted in the withholding of the distribution under subsection (f).

(i) The restrictions on distributions under subsections (e) and (f) do not apply if the department of local government finance determines that:

(1) the failure of:

*(A)* a county auditor to send a certified statement; *or*

*(B) a county assessor to forward copies of all approved exemption applications;*

as described in subsection (e); or

(2) the failure of an official to transmit data as described in subsection (f);

is justified by unusual circumstances.

SECTION 28. IC 6-1.1-21-5.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5.7. (a) The following definitions apply throughout this section:**

**(1) "General reassessment" refers to a general reassessment of real property under IC 6-1.1-4-4.**

**(2) "Homestead" has the meaning set forth in IC 6-1.1-20.9-1(2).**

**(3) "Household income" means the combined adjusted gross income of the qualifying individual and the individual's spouse.**

**(4) "Net property tax bill" means the amount of property taxes currently due and payable in a particular calendar year after the application of all deductions and credits, except for the credit provided by this section, as evidenced by the tax statements referred to in IC 6-1.1-22-8.**

**(5) "Qualifying homestead" means a homestead for which:**

**(A) the amount of the net property tax bill for the tax liability referred to in subdivision (6)(B) is at least two hundred percent (200%) of the amount of the net property tax bill for the tax liability referred to in subdivision (6)(A); and**

**(B) the difference between:**

**(i) the assessed value on which the tax liability referred to in subdivision (6)(A) is based; and**

**(ii) the assessed value on which the tax liability referred to in subdivision (6)(B) is based;**

**is attributable only to the general reassessment and not to any other factor that affects the assessed value.**

**(6) "Qualifying individual" means an individual:**

**(A) who is liable for the payment of property taxes on a homestead for property taxes first due and payable in 2002;**

**(B) who is liable for the payment of property taxes on the homestead for property taxes first due and payable in 2004: and**

**(C) whose adjusted gross income for the qualifying individual's most recent taxable year that ends before the date on which the claim is filed under subsection (f) does not exceed forty thousand dollars ($40,000).**

**(b) In a county in which the county adjusted gross income tax is in effect on January 1, 2004, the county fiscal body may adopt an ordinance before May 1, 2004, to authorize the allowance of the credit under this section for property taxes first due and payable in 2005, property taxes first due and payable in 2006, or both. In a county in which the county adjusted gross income tax is in effect on January 1, 2005, the county fiscal body may adopt an ordinance before April 1, 2005, to authorize the allowance of the credit under this section for property taxes first due and payable in 2006. An ordinance under this subsection to authorize the allowance of the credit under this section is valid only if the county fiscal body concurrently adopts an ordinance under IC 6-3.5-1.1-3.8. Upon adoption of an ordinance to authorize the allowance of the credit under this section, the county fiscal body shall immediately send a certified copy of the ordinance to:**

**(1) the county auditor; and**

**(2) the department of state revenue.**

**(c) In a county in which the county option income tax is in effect on January 1, 2004, the county income tax council may adopt an ordinance before May 1, 2004, to authorize the allowance of the credit under this section for property taxes first due and payable in 2005, property taxes first due and payable in 2006, or both. In a county in which the county option income tax is in effect on January 1, 2005, the county income tax council may adopt an ordinance before April 1, 2005, to authorize the allowance of the credit under this section for property taxes first due and payable in 2006. An ordinance under this subsection to authorize the allowance of the credit under this section is valid only if the county income tax council concurrently adopts an ordinance under IC 6-3.5-6-9.7. Upon adoption of an ordinance to authorize the allowance of the credit under this section, the county auditor shall immediately send a certified copy of the ordinance to the department of state revenue.**

**(d) In a county in which a credit is authorized under subsection (b) or (c), a qualifying individual may receive a credit as provided in subsections (e) through (i) against the net property tax bill with respect to the individual's qualifying homestead for property taxes first due and payable in the year or years specified in the authorizing ordinance. If the qualifying individual resides in the qualifying homestead with the individual's spouse, those individuals are together entitled to one (1) credit under this section for the qualifying homestead.**

**(e) The amount of the credit for property taxes first due and payable in:**

**(1) 2005 is one hundred percent (100%); and**

**(2) 2006 is fifty percent (50%);**

**of the amount by which the tax liability referred to in subsection (a)(6)(B) exceeds the tax liability referred to in subsection (a)(6)(A).**

**(f) An individual or an individual and the individual's spouse who desire to claim the credit provided by this section must file a certified statement in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the qualifying homestead is located. With respect to real property, the statement must be filed during the twelve (12) months preceding May 11 of the year before the year for which the individual wishes to obtain the credit under this section. For a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property, the statement must be filed during the twelve (12) months preceding March 2 of the year for which the individual wishes to obtain the credit under this section. The statement must contain the following information:**

**(1) The full name or names and complete address of the qualifying individual or the qualifying individual and the**

individual's spouse.
(2) A description of the qualifying homestead.
(3) The amount of:
(A) the qualifying individual's adjusted gross income referred to in subsection (a)(6)(C); or
(B) the household income of the qualifying individual and the individual's spouse.
(4) The name of any other county and township in which the qualifying individual or the individual's spouse owns or is buying on contract:
(A) real property; or
(B) a:
(i) mobile home; or
(ii) manufactured home;
that is not assessed as real property.
(5) The record number and page where the contract or memorandum of the contract is recorded if the qualifying homestead is under contract purchase.
(6) Any other information required by the department of local government finance.

(g) The auditor of a county with whom a statement is filed under subsection (f) shall immediately prepare and transmit a copy of the statement to the auditor of any other county if the qualifying individual who claims the credit or the qualifying individual's spouse owns or is buying property located in the other county as described in subsection (f)(4). The auditor of the other county described in subsection (f)(4) shall note on the copy of the statement whether a credit has been claimed under this section for a qualifying homestead located in the auditor's county. The auditor shall then return the copy to the auditor of the first county.

(h) If a proper statement is filed under subsection (f), the county auditor shall allow the credit and shall apply the credit equally against each installment of property taxes. The county auditor shall include the amount of the credit applied against each installment of property taxes on the tax statement required under IC 6-1.1-22-8.

(i) If an individual knowingly or intentionally files a false statement under this section, the individual must pay the amount of any credit the individual received because of the false statement plus interest at the rate of ten percent (10%) per year to the county auditor for distribution to the taxing units of the county in the same proportion that property taxes are distributed.

SECTION 29. IC 6-1.1-21-5.8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5.8. (a) The following definitions apply throughout this section:**

**(1) "Adjusted gross income" has the meaning set forth in IC 6-3-1-3.5.**
**(2) "Dwelling" has the meaning set forth in IC 6-1.1-20.9-1(1).**
**(3) "Homestead" has the meaning set forth in IC 6-1.1-20.9-1(2).**
**(4) "Household income" means the combined adjusted gross income of the qualifying individual and the individual's spouse.**
**(5) "Net property tax bill" means the amount of property taxes currently due and payable in a particular calendar year after the application of all deductions and credits, except for the credit provided by this section, as evidenced by the tax statement referred to in IC 6-1.1-22-8.**
**(6) "Qualifying homestead" means a homestead:**
**(A) that a qualifying individual owned; or**
**(B) on which a qualifying individual assumed liability for the payment of property taxes;**
**at least five (5) years before the assessment date for the homestead in the year for which the individual wishes to obtain the credit under this section and that has an assessed value of not more than one hundred fifty thousand dollars ($150,000) as of the assessment date for the homestead in the year that immediately precedes the year for which the individual wishes to obtain the credit under this section.**
**(7) "Qualifying individual" means an individual who is liable for the payment of property taxes on a qualifying homestead.**
**(8) "Taxable year" has the meaning set forth in IC 6-3-1-16.**

**(b) In a county in which the county adjusted gross income tax is in effect on January 1, the county fiscal body may adopt an ordinance before May 1, 2004, or before April 1 of any following year to authorize the allowance of the credit under this section for property taxes first due and payable in the immediately following calendar year. An ordinance under this subsection to authorize the allowance of the credit under this section is valid only if the county fiscal body concurrently adopts an ordinance under IC 6-3.5-1.1-3.8. Upon adoption of an ordinance to authorize the allowance of the credit under this section, the county fiscal body shall immediately send a certified copy of the ordinance to:**
**(1) the county auditor; and**
**(2) the department of state revenue.**

**(c) In a county in which the county option income tax is in effect on January 1, the county income tax council may adopt an ordinance before May 1, 2004, or before April 1 of any following year to authorize the allowance of the credit under this section for property taxes first due and payable in the immediately following calendar year. An ordinance under this subsection to authorize the allowance of the credit under this section is valid only if the county income tax council concurrently adopts an ordinance under IC 6-3.5-6-9.7. Upon adoption of an ordinance to authorize the allowance of the credit under this section, the county auditor shall immediately send a certified copy of the ordinance to the department of state revenue.**

**(d) Except as provided in subsection (e), in a county in which a credit is authorized under subsection (b) or (c), each year a qualifying individual may receive a credit against the net property tax bill on the individual's qualifying homestead. The amount of the credit to which a qualifying individual is entitled equals the lesser of fifty percent (50%) of the amount of the net property tax bill on the individual's qualifying homestead or the remainder of:**
**(1) the amount of the net property tax bill without the application of the credit provided by this section; minus**
**(2) the following percentage of the qualifying individual's adjusted gross income for the qualifying individual's most recent taxable year that ends before the date on which the claim is filed under subsection (f):**
**(A) Ten percent (10%) if the adjusted gross income is less than twenty thousand dollars ($20,000).**
**(B) Four percent (4%) if the adjusted gross income is at least twenty thousand dollars ($20,000) but less than fifty thousand dollars ($50,000).**

**(e) If the qualifying individual resides in the qualifying homestead with the individual's spouse, those individuals are together entitled to one (1) credit under this section for the qualifying homestead. The amount of the credit is determined under subsection (b), except that the household income is substituted for the qualifying individual's adjusted gross income.**

**(f) An individual or an individual and the individual's spouse who desire to claim the credit provided by this section must file a certified statement in duplicate on forms prescribed by the department of local government finance with the auditor of the county in which the qualifying homestead is located. With respect to real property, the statement must be filed during the twelve (12) months preceding May 11 of the year before the year for which the individual wishes to obtain the credit under this section. For a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property, the statement must be filed during the twelve (12) months preceding March 2 of the year for which the individual wishes to obtain the credit under this section. The statement must contain the following information:**
**(1) The full name or names and complete address of the qualifying individual or the qualifying individual and the individual's spouse.**
**(2) A description of the qualifying homestead.**
**(3) The amount of:**
**(A) the qualifying individual's adjusted gross income**

**referred to in subsection (d)(2); or**

**(B) if subsection (e) applies, the household income referred to in subsection (e) of the qualifying individual and the individual's spouse.**

**(4) The name of any other county and township in which the qualifying individual or the individual's spouse owns or is buying on contract:**

**(A) real property; or**

**(B) a:**

**(i) mobile home; or**

**(ii) manufactured home;**

**that is not assessed as real property.**

**(5) The record number and page where the contract or memorandum of the contract is recorded if the qualifying homestead is under contract purchase.**

**(6) Any other information required by the department of local government finance.**

**(g) The auditor of a county with whom a statement is filed under subsection (f) shall immediately prepare and transmit a copy of the statement to the auditor of any other county if the qualifying individual who claims the credit or the qualifying individual's spouse owns or is buying property located in the other county as described in subsection (f)(4). The auditor of the other county described in subsection (f)(4) shall note on the copy of the statement whether a credit has been claimed under this section for a qualifying homestead located in the auditor's county. The auditor shall then return the copy to the auditor of the first county.**

**(h) If a proper statement is filed under subsection (f), the county auditor shall allow the credit and shall apply the credit equally against each installment of property taxes. The county auditor shall include the amount of the credit applied against each installment of property taxes on the tax statement required under IC 6-1.1-22-8.**

**(i) If an individual knowingly or intentionally files a false statement under this section, the individual must pay the amount of any credit the individual received because of the false statement plus interest at the rate of ten percent (10%) per year to the county auditor for distribution to the taxing units of the county in the same proportion that property taxes are distributed.**

SECTION 30. IC 6-1.1-21-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) Notwithstanding IC 6-1.1-26, any taxpayer who is entitled to a credit under this chapter or who has properly filed for and is entitled to a credit under IC 6-1.1-20.9, and who, without taking the credit, pays in full the taxes to which the credit applies, is entitled to a refund, without interest, of an amount equal to the amount of the credit. However, if the taxpayer, at the time a refund is claimed, owes any other taxes, interest, or penalties payable to the county treasurer to whom the taxes subject to the credit were paid, then the credit shall be first applied in full or partial payment of the other taxes, interest, and penalties and the balance, if any, remaining after that application is available as a refund to the taxpayer.

(b) Any taxpayer entitled to a refund under this section **other than a refund based on the credit under section 5.7 or 5.8 of this chapter** shall be paid that refund from proceeds of the property tax replacement fund. However, with respect to any refund attributable to a homestead credit, the refund shall be paid from that fund only to the extent that the percentage homestead credit the taxpayer was entitled to receive for a year does not exceed the percentage credit allowed in IC 6-1.1-20.9-2(d) for that same year. Any refund in excess of that amount shall be paid from the county's revenue distributions received under IC 6-3.5-6.

(c) The state board of accounts shall establish an appropriate procedure to simplify and expedite the method for claiming these refunds and for the payments thereof, as provided for in this section, which procedure is the exclusive procedure for the processing of the refunds. The procedure shall, however, require the filing of claims for the refunds by not later than June 1 of the year following the payment of the taxes to which the credit applied.".

Page 17, between lines 19 and 20, begin a new paragraph and insert:

"SECTION 32. IC 6-1.1-34-9, AS AMENDED BY P.L.90-2002, SECTION 244, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. In order to perform the duties assigned to it under this chapter, the department of local government finance:

(1) shall conduct continuing studies of all property which is subject to assessment in this state;

(2) may request access to all local and state official records;

(3) may secure information from the federal government or from public or private agencies;

(4) **may:**

**(A) contract with; and**

**(B) rely on findings made by:**

**the Indiana Fiscal Policy Institute and professional appraisers;**

**(5)** may inspect a person's books, records, or property if the item is relevant to information which the department needs in order to implement this chapter; and

~~(5)~~ **(6)** may adopt appropriate forms and procedures.".

Page 22, between lines 23 and 24, begin a new paragraph and insert:

"SECTION 34. IC 6-3.5-1.1-2, AS AMENDED BY P.L.42-2003, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The county council of any county in which the county option income tax will not be in effect on July 1 of a year under an ordinance adopted during a previous calendar year may impose the county adjusted gross income tax on the adjusted gross income of county taxpayers of its county effective July 1 of that year.

(b) Except as provided in section 2.5, 2.7, 2.8, 2.9, 3.3, 3.5, or 3.6, **or 3.8** of this chapter, the county adjusted gross income tax may be imposed at a rate of one-half of one percent (0.5%), three-fourths of one percent (0.75%), or one percent (1%) on the adjusted gross income of resident county taxpayers of the county. Any county imposing the county adjusted gross income tax must impose the tax on the nonresident county taxpayers at a rate of one-fourth of one percent (0.25%) on their adjusted gross income. **Except as provided in subsection (g) and subject to section 3.1 of this chapter,** if the county council elects to decrease the county adjusted gross income tax, the county council may decrease the county adjusted gross income tax rate in increments of one-tenth of one percent (0.1%).

(c) To impose the county adjusted gross income tax, the county council must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council imposes the county adjusted gross income tax on the county taxpayers of _____ County. The county adjusted gross income tax is imposed at a rate of _____ percent (_____%) on the resident county taxpayers of the county and one-fourth of one percent (0.25%) on the nonresident county taxpayers of the county. This tax takes effect July 1 of this year.".

(d) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(e) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(f) If the county adjusted gross income tax had previously been adopted by a county under IC 6-3.5-1 (before its repeal on March 15, 1983) and that tax was in effect at the time of the enactment of this chapter, then the county adjusted gross income tax continues in that county at the rates in effect at the time of enactment until the rates are modified or the tax is rescinded in the manner prescribed by this chapter. If a county's adjusted gross income tax is continued under this subsection, then the tax shall be treated as if it had been imposed under this chapter and is subject to rescission or reduction as authorized in this chapter.

**(g) The county council may adopt an ordinance to decrease the county adjusted gross income tax rate by an increment up to one-fourth of one percent (0.25%) after January 1 but before April 1 of the calendar year that immediately precedes the first calendar year in which the allowance of credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both is discontinued.**

SECTION 35. IC 6-3.5-1.1-3.1, AS AMENDED BY P.L.170-2002, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.1. (a) **Except as provided in subsections (b) and (g),** the county council may decrease the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county. To decrease the rate, the county council must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council decreases the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county from _____ percent (___%) to _____ percent (___%). This tax rate decrease takes effect July 1 of this year.".

(b) A county council may not decrease the county adjusted gross income tax rate if the county or any commission, board, department, or authority that is authorized by statute to pledge the county adjusted gross income tax has pledged the county adjusted gross income tax for any purpose permitted by IC 5-1-14 or any other statute.

(c) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(e) Notwithstanding IC 6-3.5-7, and except as provided in subsection (f), a county council that decreases the county adjusted gross income tax rate in a year may not in the same year adopt or increase the county economic development income tax under IC 6-3.5-7.

(f) This subsection applies only to a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000). The county council may adopt or increase the county economic development income tax rate under IC 6-3.5-7 in the same year that the county council decreases the county adjusted gross income tax rate if the county economic development income tax rate plus the county adjusted gross income tax rate in effect after the county council decreases the county adjusted gross income tax rate is less than the county adjusted gross income tax rate in effect before the adoption of an ordinance under this section decreasing the rate of the county adjusted gross income tax.

**(g) A county council may not decrease the county adjusted gross income tax rate in a calendar year to a rate that is insufficient to fund credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both that are in effect for the immediately following calendar year as provided in section 3.8 of this chapter.**

SECTION 36. IC 6-3.5-1.1-3.8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 3.8. (a) In addition to the rates permitted by section 2 of this chapter, a county council that adopts an ordinance to allow credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both must impose the county adjusted gross income tax at a rate of not more than twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers to fund those credits. A county council may adopt an ordinance under this subsection during the same period in which the county council may adopt an ordinance under section 2(c) of this chapter.**

**(b) County adjusted gross income tax revenues derived from the tax rate imposed under this section:**

**(1) must be used as described in section 10(e) of this chapter to the extent necessary to fund the credits referred to in subsection (a); and**

**(2) may be used, to the extent the revenues are not necessary to fund the credits referred to in subsection (a), in the same manner that certified shares are used.**

**(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.**

SECTION 37. IC 6-3.5-1.1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) **Except as provided in subsections (e) and (f),** the county adjusted gross income tax imposed by a county council under this chapter remains in effect until rescinded.

(b) Except as provided in subsection (e), the county council may rescind the county adjusted gross income tax by adopting an ordinance to rescind the tax after January 1 but before June 1 of a year.

(c) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(e) A county council may not rescind the county adjusted gross income tax or take any action that would result in a civil taxing unit in the county having a smaller certified share than the certified share to which the civil taxing unit was entitled when the civil taxing unit pledged county adjusted gross income tax if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county adjusted gross income tax has pledged county adjusted gross income tax for any purpose permitted by IC 5-1-14 or any other statute. The prohibition in this section does not apply if the civil taxing unit pledges legally available revenues to fully replace the civil taxing unit's certified share that has been pledged.

**(f) A county council may not rescind the county adjusted gross income tax in a calendar year if credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both are in effect for the immediately following calendar year.**

SECTION 38. IC 6-3.5-1.1-9, AS AMENDED BY P.L.267-2003, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Revenue derived from the imposition of the county adjusted gross income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount to be distributed to a county during an ensuing calendar year equals the amount of county adjusted gross income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county adjusted gross income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), (f), and (g). The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 10(b) of this chapter.

(f) This subsection applies to a county that initially imposes a tax under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(g) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 **or 3.8** of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 **or 3.8** of this chapter is initially collected.

SECTION 39. IC 6-3.5-1.1-10, AS AMENDED BY P.L.42-2003, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) Except as provided in ~~subsection~~ **subsections** (b) **and (e)** one-half (1/2) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 8 of this chapter to the appropriate county treasurer on May 1 and the other one-half (1/2) on November 1 of that calendar year.

(b) This subsection applies to a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000). Notwithstanding section 9 of this chapter, the initial certified distribution certified for a county under section 9 of this chapter shall be distributed to the county treasurer from the account established for the county under section 8 of this chapter according to the following schedule during the eighteen (18) month period beginning on July 1 of the year in which the county initially adopts an ordinance under section 2 of this chapter:

(1) One-fourth (1/4) on October 1 of the year in which the ordinance was adopted.

(2) One-fourth (1/4) on January 1 of the calendar year following the year in which the ordinance was adopted.

(3) One-fourth (1/4) on May 1 of the calendar year following the year in which the ordinance was adopted.

(4) One-fourth (1/4) on November 1 of the calendar year following the year in which the ordinance was adopted.

Notwithstanding section 11 of this chapter, the part of the certified distribution received under subdivision (1) that would otherwise be allocated to a civil taxing unit or school corporation as property tax replacement credits under section 11 of this chapter shall be set aside and treated for the calendar year when received by the civil taxing unit or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7. Certified distributions made to the county treasurer for calendar years following the eighteen (18) month period described in this subsection shall be made as provided in subsection (a).

(c) Except for:

(1) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;

(2) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, or equipping facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

(3) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7 2.9, or 3.3 of this chapter;

(4) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; or

(5) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter;

distributions made to a county treasurer under subsections (a) and (b) shall be treated as though they were property taxes that were due and payable during that same calendar year. Except as provided by subsection (b), the certified distribution shall be distributed and used by the taxing units and school corporations as provided in sections 11 through 15 of this chapter.

(d) All distributions from an account established under section 8 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

**(e) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the allowance of credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both within the county as described in section 3.8 of this chapter. This money shall be distributed to the civil taxing units and school corporations of the county as though the money were derived from property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to that allowance.**

SECTION 40. IC 6-3.5-1.1-11, AS AMENDED BY P.L.267-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except for:

(1) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;

(2) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, or equipping facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

(3) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;

(4) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; ~~or~~

(5) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter; **or**

**(6) revenue that must be used to fund credits under section 3.8 of this chapter;**

the certified distribution received by a county treasurer shall, in the manner prescribed in this section, be allocated, distributed, and used by the civil taxing units and school corporations of the county as certified shares and property tax replacement credits.

(b) Before August 10 of each calendar year, each county auditor shall determine the part of the certified distribution for the next succeeding calendar year that will be allocated as property tax replacement credits and the part that will be allocated as certified shares. The percentage of a certified distribution that will be allocated as property tax replacement credits or as certified shares depends upon the county adjusted gross income tax rate for resident county taxpayers in effect on August 1 of the calendar y 31 ear that precedes the year in which the certified distribution will be received by two (2) years. The percentages are set forth in the following table:

| COUNTY ADJUSTED GROSS INCOME TAX RATE | PROPERTY TAX REPLACEMENT CREDITS | CERTIFIED SHARES |
|---|---|---|
| 0.5% | 50% | 50% |
| 0.75% | 33 1/3% | 66 2/3% |
| 1% | 25% | 75% |

(c) The part of a certified distribution that constitutes property tax replacement credits shall be distributed as provided under sections 12, 13, and 14 of this chapter.

(d) The part of a certified distribution that constitutes certified shares shall be distributed as provided by section 15 of this chapter.

SECTION 41. IC 6-3.5-1.1-12, AS AMENDED BY P.L.90-2002, SECTION 293, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The part of a county's

certified distribution for a calendar year that is to be used as property tax replacement credits shall be allocated by the county auditor among the civil taxing units and school corporations of the county.

(b) Except as provided in section 13 of this chapter, the amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive during a calendar year equals the product of:

(1) that part of the county's certified distribution that is dedicated to providing property tax replacement credits for that same calendar year; multiplied by

(2) a fraction:

(A) The numerator of the fraction equals the sum of the total property taxes ~~being~~ **that were certified to be** collected by the civil taxing unit or school corporation ~~during that~~ **in the immediately preceding** calendar year, **as provided in the approved abstract for the immediately preceding calendar year,** plus with respect to a civil taxing unit, the amount of federal revenue sharing funds and certified shares received by it during ~~that~~ **the immediately preceding** calendar year to the extent that they ~~are~~ **were** used to reduce its property tax levy below the limit imposed by IC 6-1.1-18.5 for that same calendar year.

(B) The denominator of the fraction equals the sum of the total property taxes ~~being~~ **that were certified to be** collected by all civil taxing units and school corporations **in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year,** plus the amount of federal revenue sharing funds and certified shares received by all civil taxing units in the county to the extent that they ~~are~~ **were** used to reduce the civil taxing units' property tax levies below the limits imposed by IC 6-1.1-18.5 for that same calendar year.

(c) The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits it is entitled to receive (after adjustment made under section 13 of this chapter) during that calendar year. The county auditor shall also certify these distributions to the county treasurer.

SECTION 42. IC 6-3.5-1.1-15, AS AMENDED BY P.L.255-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) As used in this section, "attributed levy" of a civil taxing unit means the sum of:

(1) the ad valorem property tax levy of the civil taxing unit that ~~is currently being~~ **was certified to be** collected ~~at the time the allocation is made;~~ **in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year;** plus

(2) the ~~current~~ ad valorem property tax levy **in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year,** of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus

(3) the amount of federal revenue sharing funds and certified shares that were used by the civil taxing unit (or any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit) to reduce its ad valorem property tax levies below the limits imposed by IC 6-1.1-18.5; plus

(4) in the case of a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(b) The part of a county's certified distribution that is to be used as certified shares shall be allocated only among the county's civil taxing units. Each civil taxing unit of a county is entitled to receive a percentage of the certified shares to be distributed in the county equal to the ratio of its attributed levy to the total attributed levies of all civil taxing units of the county.

(c) The local government tax control board established by IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing units that are entitled to receive certified shares during a calendar year. If the ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection (b)(2), then the special taxing district, authority, board, or other entity shall not be treated as having an attributed levy of its own. The local government tax control board shall certify the attributed levy amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The certified shares may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed levy.

SECTION 43. IC 6-3.5-6-2, AS AMENDED BY P.L.267-2003, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A county income tax council is established for each county in Indiana. The membership of each county's county income tax council consists of the fiscal body of the county and the fiscal body of each city or town that lies either partially or entirely within that county.

(b) Using procedures described in this chapter, a county income tax council may adopt ordinances to:

(1) impose the county option income tax in its county;

(2) subject to section 12 of this chapter, rescind the county option income tax in its county;

(3) increase the county option income tax rate for the county;

(4) freeze the county option income tax rate for its county;

(5) increase the homestead credit in its county; ~~or~~

(6) subject to section 12.5 of this chapter, decrease the county option income tax rate for the county; **or**

**(7) impose a county option income tax rate under section 9.7 of this chapter.**

(c) An ordinance adopted in a particular year under this chapter to impose or rescind the county option income tax or to increase its tax rate is effective July 1 of that year.

SECTION 44. IC 6-3.5-6-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) A county income tax council may pass only one (1) ordinance described in section 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), ~~or~~ 2(b)(6), **or 2(b)(7)** of this chapter in one (1) year. Once an ordinance described in section 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), ~~or~~ 2(b)(6), **or 2(b)(7)** of this chapter has been passed, the auditor of the county shall:

(1) cease distributing proposed ordinances of those types for the rest of the year; and

(2) withdraw from the membership any other of those types of proposed ordinances.

Any votes subsequently received by the auditor of the county on proposed ordinances of those types during that same year are void.

(b) The county income tax council may not vote on, nor may the auditor of the county distribute to the members of the county income tax council, any proposed ordinance during a year, if previously during that same year the auditor of the county received and distributed to the members of the county income tax council a proposed ordinance whose passage would have substantially the same effect.

SECTION 45. IC 6-3.5-6-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The county income tax council of any county in which the county adjusted gross income tax will not be in effect on July 1 of a year under an ordinance adopted during a previous calendar year may impose the county option income tax on the adjusted gross income of county taxpayers of its county effective July 1 of that same year.

(b) **Subject to section 9.7 of this chapter,** the county option income tax may initially be imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five hundredths of one percent (0.05%) for all other county taxpayers.

(c) To impose the county option income tax, a county income tax council must, after January 1 but before April 1 of the year, pass an

ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council imposes the county option income tax on the county taxpayers of _____ County. The county option income tax is imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five hundredths of one percent (0.05%) on all other county taxpayers. This tax takes effect July 1 of this year.".

(d) If the county option income tax is imposed on the county taxpayers of a county, then the county option income tax rate that is in effect for resident county taxpayers of that county increases by one-tenth of one percent (0.1%) on each succeeding July 1 until the rate equals six-tenths of one percent (0.6%).

(e) The county option income tax rate in effect **under this section** for the county taxpayers of a county who are not resident county taxpayers of that county is at all times one-fourth (1/4) of the tax rate imposed **under this section** upon resident county taxpayers.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 46. IC 6-3.5-6-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) If on January 1 of a calendar year the county option income tax rate **imposed under section 8 of this chapter** in effect for resident county taxpayers equals six tenths of one percent (0.6%), then the county income tax council of that county may after January 1 and before April 1 of that year pass an ordinance to increase its tax rate **imposed under section 8 of this chapter** for resident county taxpayers. If a county income tax council passes an ordinance under this section, its county option income tax rate for resident county taxpayers **imposed under section 8 of this chapter** increases by one tenth of one percent (0.1%) each succeeding July 1 until its rate reaches a maximum of one percent (1%).

(b) The auditor of the county shall record any vote taken on an ordinance proposed under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 47. IC 6-3.5-6-9.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 9.7. (a) In addition to the rates permitted by section 8 of this chapter, a county income tax council that adopts an ordinance to allow credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both must impose the county option income tax at a rate of not more than twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers to fund those credits. A county income tax council may adopt an ordinance under this subsection during the same period in which the county income tax council may adopt an ordinance under section 8(c) of this chapter.**

**(b) County option income tax revenues derived from the tax rate imposed under this section:**

**(1) must be retained and used as described in section 18(b) of this chapter to the extent necessary to fund the credits referred to in subsection (a); and**

**(2) may be used, to the extent the revenues are not necessary to fund the credits referred to in subsection (a), in the same manner that other county option income tax revenue is used.**

**(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under this section and immediately send a certified copy of the results to the department by certified mail.**

SECTION 48. IC 6-3.5-6-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The county option income tax imposed by a county income tax council under this chapter remains in effect until rescinded.

(b) Subject to ~~subsection~~ **subsections** (c) **and (e),** the county income tax council of a county may rescind the county option income tax by passing an ordinance to rescind the tax after January 1 but before April 1 of a year.

(c) A county income tax council may not rescind the county option income tax or take any action that would result in a civil taxing unit in the county having a smaller distributive share than the distributive share to which it was entitled when it pledged county option income tax, if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county option income tax, has pledged county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) The auditor of a county shall record all votes taken on a proposed ordinance presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

**(e) A county income tax council may not rescind the county option income tax in a calendar year if credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both are in effect for the immediately following calendar year.**

SECTION 49. IC 6-3.5-6-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. (a) **Except as provided in subsection (g),** the county income tax council may adopt an ordinance to decrease the county option income tax rate in effect.

(b) To decrease the county option income tax rate, the county income tax council must adopt an ordinance after January 1 but before April 1 of a year. The ordinance must substantially state the following:

"The _____ County Income Tax Council decreases the county option income tax rate from _____ percent (___ %) to _____ percent (___ %). This ordinance takes effect July 1 of this year.".

(c) A county income tax council may not decrease the county option income tax if the county or any commission, board, department, or authority that is authorized by statute to pledge the county option income tax has pledged the county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) An ordinance adopted under this subsection takes effect July 1 of the year in which the ordinance is adopted.

(e) The county auditor shall record the votes taken on an ordinance under this subsection and shall send a certified copy of the ordinance to the department by certified mail not more than thirty (30) days after the ordinance is adopted.

(f) Notwithstanding IC 6-3.5-7, a county income tax council that decreases the county option income tax in a year may not in the same year adopt or increase the county economic development income tax under IC 6-3.5-7.

**(g) A county income tax council may not decrease the county option income tax rate in a calendar year to a rate that is insufficient to fund credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both that are in effect for the immediately following calendar year as provided in section 9.7 of this chapter.**

SECTION 50. IC 6-3.5-6-17, AS AMENDED BY P.L.267-2003, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) Revenue derived from the imposition of the county option income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of county option income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

(1) received from that county for a taxable year ending in a calendar year preceding the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county option income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted, as necessary, under subsections (c), (d), ~~and~~ (e), **and (i).** The department shall provide

with the certification an informative summary of the calculations used to determine the certified distribution.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a county that initially imposed a tax under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(f) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first day of each month of that calendar year.

(g) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(h) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

**(i) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 9.7 of this chapter beginning not later than the sixth month after the month in which additional revenue from the tax authorized under section 9.7 of this chapter is initially collected.**

SECTION 51. IC 6-3.5-6-18, AS AMENDED BY P.L.255-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

(1) replace the amount, if any, of property tax revenue lost due to the allowance of:

**(A)** an increased homestead credit;

**(B) credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both;**

within the county;

(2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);

(3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;

(4) make payments permitted under IC 36-7-15.1-17.5;

(5) make payments permitted under subsection (i); and

(6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the ~~increase~~ **allowance** of ~~the homestead~~ **credits or an increased** credit within the county **as described in subsection (a)(1).** This money shall be distributed to the civil taxing units and school corporations of the county as though ~~they were~~ **the money were derived from** property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to ~~the~~ **that** allowance. ~~of an increased homestead credit.~~

(c) The county auditor shall retain the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year. The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

(1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the total property taxes that ~~are first due and payable to~~ **were certified to be collected by** the civil taxing unit ~~during~~ **in** the **immediately preceding** calendar year, ~~in which the month falls,~~ **as provided in the approved abstract for the immediately preceding calendar year,** plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. The denominator of the fraction equals the sum of the total property taxes that ~~are first due and payable to~~ **were certified to be collected by** all civil taxing units of the county during the **immediately preceding** calendar year, ~~in which the month falls,~~ **as provided in the approved abstract for the immediately preceding calendar year,** plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 52. IC 6-3.5-7-5, AS AMENDED BY P.L.224-2003, SECTION 254, AND AS AMENDED BY P.L.42-2003, SECTION 5, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

(1) the county income tax council (as defined in IC 6-3.5-6-1)

if the county option income tax is in effect on January 1 of the year the county economic development income tax is imposed;

(2) the county council if the county adjusted gross income tax is in effect on January 1 of the year the county economic development tax is imposed; or

(3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c), (g), (k), ~~and~~ (p), *and (r)* the county economic development income tax may be imposed at a rate of:

(1) one-tenth percent (0.1%);
(2) two-tenths percent (0.2%);
(3) twenty-five hundredths percent (0.25%);
(4) three-tenths percent (0.3%);
(5) thirty-five hundredths percent (0.35%);
(6) four-tenths percent (0.4%);
(7) forty-five hundredths percent (0.45%); or
(8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o), ~~or~~ (p), **or (t),** the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g), ~~or~~ (p), **or (t),** the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance to impose the tax must substantially state the following:

"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county. This tax takes effect July 1 of this year.".

(e) Any ordinance adopted under this chapter takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:
(A) fifteen-hundredths percent (0.15%);
(B) two-tenths percent (0.2%); or
(C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);

if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than forty-one thousand (41,000) but less than forty-three thousand (43,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(j) For a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred (71,400), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(l) For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For:

(1) a county having a population of more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000); or

(2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900);

except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(o) This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand six hundred (39,600). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:
(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or
(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(p) In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:
(A) county economic development income tax; and
(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum

combined rates that would otherwise apply under this section. However, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1) resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.

(q) If the county economic development income tax is imposed as authorized under subsection (p) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified distribution must be used for the purpose provided in section 25(e) or 26 of this chapter to the extent that the certified distribution results from the difference between:

(1) the actual county economic development tax rate; and

(2) the maximum rate that would otherwise apply under this section.

*(r) This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:*

*(1) county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and*

*(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);*

*if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.*

~~*(r)*~~ **(s)** *Except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.*

**(t) Limitations in this section on the combined county adjusted gross income tax and county option income tax rate do not apply to the imposition of:**

**(1) a county adjusted gross income tax rate under IC 6-3.5-1.1-3.8; or**

**(2) a county option income tax rate under IC 6-3.5-6-9.7.**

SECTION 53. IC 6-3.5-7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) **Subject to section 5(t) of this chapter,** the body imposing the tax may decrease or increase the county economic development income tax rate imposed upon the county taxpayers as long as the resulting rate does not exceed the rates specified in section 5(b) and 5(c) or 5(g) of this chapter. The rate imposed under this section must be adopted at one (1) of the rates specified in section 5(b) of this chapter. To decrease or increase the rate, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County _____ increases (decreases) the county economic development income tax rate imposed upon the county taxpayers of the county from _____ percent (___%) to _____ percent (___%). This tax rate increase (decrease) takes effect July 1 of this year.".

(b) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 54. IC 6-3.5-7-12, AS AMENDED BY P.L.224-2003, SECTION 255, AND AS AMENDED BY P.L.255-2003, SECTION 6, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as provided in sections 23, 25, ~~*and*~~ 26, *and 27* of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and sections 15 and 25 of this chapter, the amount of the certified distribution that the county and each city or town in a county is entitled to receive during May and November of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of the following:

(A) Total property taxes that ~~are first due and payable to~~ **were certified to be collected by** the county, city, or town during the **immediately preceding** calendar year, ~~in which the month falls;~~ **as provided in the approved abstract for the immediately preceding calendar year;** plus

(B) For a county, an amount equal to

~~*(i)*~~ the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

~~*plus*~~

~~*(ii) after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.*~~

The denominator of the fraction equals the sum of the total property taxes that ~~are first due and payable to~~ **were certified to by collected by** the county and all cities and towns of the county during the **immediately preceding** calendar year, ~~in which the month falls,~~ **as provided in the approved abstract for the immediately preceding calendar year,** plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. ~~*and after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.*~~

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.

(2) Except as provided in sections 25 and 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population of the part of the county that is not located in a city or town.

(3) The ordinance may be made irrevocable for the duration of specified lease rental or debt service payments.

(d) The body imposing the tax may not adopt an ordinance under subsection (c) if, before the adoption of the proposed ordinance, any of the following have pledged the county economic development income tax for any purpose permitted by IC 5-1-14 or any other statute:

(1) The county.

(2) A city or town in the county.

(3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.

(e) The department of local government finance shall provide each county auditor with the fractional amount of the certified distribution that the county and each city or town in the county is entitled to receive under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

(g) Except as provided in subsection (b)(2)(B), in determining the

fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution, subject to the requirements of sections 15, 25, and 26 of this chapter.

SECTION 55. IC 20-14-14 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 14. Review of Budgets of Appointed Boards**

**Sec. 1. Before an appointed library board described in IC 6-1.1-17-20(a) may impose a property tax levy for the public library for the ensuing calendar year that is more than five percent (5%) greater than the property tax levy for the public library for the current calendar year, the library board shall submit its proposed budget and property tax levy to the appropriate fiscal body under section 2 of this chapter.**

**Sec. 2. An appointed library board subject to section 1 of this chapter shall submit its proposed budget and property tax levy to the following fiscal body at least fourteen (14) days before the county board of tax adjustment is required to hold budget approval hearings under IC 6-1.1:**

**(1) If the library district is located entirely within the corporate boundaries of a municipality, the fiscal body of the municipality.**

**(2) If the library district:**

**(A) is not described by subdivision (1); and**

**(B) is located entirely within the boundaries of a township;**

**the fiscal body of the township.**

**(3) If the library district is not described by subdivision (1) or (2), the fiscal body of each county in which the library district is located.**".

Page 23, between lines 19 and 20, begin a new paragraph and insert:

"SECTION 57. IC 21-3-1.7-7, AS AMENDED BY P.L.273-1999, SECTION 136, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. If a computation under this chapter results in a fraction and a rounding rule is not specified, the fraction shall be rounded as follows:

(1) If it is a tax rate calculation, to the nearest ~~one-hundredth~~ **ten-thousandth** of a cent ~~($0.0001).~~ **($0.000001).**

(2) If it is a tuition support calculation, to the nearest cent ($0.01).

(3) If it is a calculation not covered by subdivision (1) or (2), to the nearest ten-thousandth (.0001).

SECTION 58. IC 36-2-9-20, AS AMENDED BY P.L.245-2003, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. The county auditor shall:

(1) maintain an electronic data file of the information contained on the tax duplicate for all:

(A) parcels; and

(B) personal property returns;

for each township in the county as of each assessment date;

(2) maintain the file in the form required by:

(A) the legislative services agency; and

(B) the department of local government finance; and

(3) transmit **to the legislative services agency and the department of local government finance** the data in the file with respect to the assessment date of each year **in the form required by the department of local government finance** before **the later of:**

**(A)** March 1 of the next year; ~~to:~~

~~(A) the legislative services agency; and~~

~~(B) the department of local government finance.~~ **or**

**(B) thirty (30) days after the county mails its initial statement under IC 6-1.1-22-8.**".

Page 25, between lines 23 and 24, begin a new paragraph and insert:

"SECTION 60. THE FOLLOWING ARE REPEALED [EFFECTIVE UPON PASSAGE]: IC 6-1.1-4-13.6; IC 6-1.1-4-13.8.".

Page 27, between lines 16 and 17, begin a new paragraph and insert:

"SECTION 63. [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]: **(a) For purposes of this SECTION:**

**(1) "department" refers to the department of local government finance;**

**(2) "district" refers to a solid waste management district that has territory in more than one (1) county; and**

**(3) "2004 levy" refers to the least of:**

**(A) the district's maximum permissible levy under IC 6-1.1-18.5-3;**

**(B) the district's advertised levy; and**

**(C) the district's adopted levy;**

**for 2003 taxes payable in 2004.**

**(b) Notwithstanding:**

**(1) IC 13-21-7; or**

**(2) any action taken by a county or a district to fix a property tax levy for 2003 taxes payable in 2004;**

**the department may, for each county that participates in a district, determine under this SECTION the part of the district's property tax levy under IC 13-21-3-12(13) for 2003 taxes payable in 2004 to be levied in the county.**

**(c) The amount of the part referred to in subsection (b) for a county that participates in a district is the amount that bears the same proportion to the 2004 levy that the certified assessed value of the county as of the 2002 assessment date bears to the total certified assessed value as of the 2002 assessment date of all counties that participate in the district.**

**(d) The department shall use the amount determined under subsection (c) in setting the tax rate of the county.**

**(e) This SECTION expires July 1, 2005.**

SECTION 64. [EFFECTIVE UPON PASSAGE] **(a) For purposes of this SECTION, "department" refers to the department of local government finance.**

**(b) Except as provided in subsection (e), the auditor of state shall not distribute to a county treasurer the part designated under subsection (c) of the money otherwise distributable in July 2004 under IC 6-1.1-21-4, as amended by this act, and IC 6-1.1-21-10 if before July 1, 2004:**

**(1) the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor does not transmit to the department the data for all townships in the county required to be transmitted before October 1, 2003, under IC 6-1.1-4-25(b);**

**(2) the county assessor does not forward to the department the duplicate copies of all approved exemption applications required to be forwarded before August 2, 2003, under IC 6-1.1-11-8(a);**

**(3) the county auditor does not send to the department a certified statement required to be sent before August 2, 2003, under IC 6-1.1-17-1 (as in effect before the amendments under this act); or**

**(4) the county auditor does not transmit to the department data required to be transmitted before March 1, 2003, under IC 36-2-9-20 (as in effect before the amendments under this act).**

**(c) The amount of money the auditor of state shall not distribute under subsection (b) equals the product of:**

**(1) two percent (2%); multiplied by**

**(2) the combined amounts of the distributions for March, April, and July of 2004, referred to in IC 6-1.1-21-10(b).**

**(d) Except as provided in subsection (g), the auditor of state shall not distribute to a county treasurer two percent (2%) of the money otherwise distributable after July 2004 under IC 6-1.1-21-4, as amended by this act, and IC 6-1.1-21-10 if before the date of distribution the local officials referred to in subsection (b) have not provided all the data and information referred to in subsection (b). The withholding under this subsection applies separately to each distribution referred to in IC 6-1.1-21-10(b).**

**(e) Amounts withheld from distribution to the county treasurer under this SECTION are in addition to any amounts withheld**

**from distribution under IC 6-1.1-21-4(e) or IC 6-1.1-21-4(f), both as amended by this act, before deadlines in 2004 established in those sections for failure to provide data or information.**

**(f) The auditor of state shall consider the provision of information referred to in subsection (b) to be untimely if the department notifies the auditor of state in writing that information provided is inaccurate, incomplete, or, with respect to information referred to in subsection (b)(2), not in the form required by the department.**

**(g) The restrictions on distributions under subsection (b) do not apply if the department determines that the failure to provide information as referred to in subsection (b) is justified by unusual circumstances.**

**(h) When local officials provide the data and information referred to in subsection (b), money withheld under subsection (b) shall be distributed under IC 6-1.1-21-4(g) and IC 6-1.1-21-4(h), both as amended by this act.**

**(i) This SECTION expires January 1, 2006.**

SECTION 65. [EFFECTIVE UPON PASSAGE] **(a) The definitions in IC 6-1.1-1 apply throughout this SECTION.**

**(b) This SECTION applies only to the review or appeal of an assessment of real property used as residential property on an assessment date.**

**(c) This subsection applies only if the time in which a taxpayer is authorized to:**

**(1) request a review under IC 6-1.1-15-1 or IC 6-1.1-15-3;**

**(2) initiate the informal hearing process under IC 6-1.1-4-33 or IC 6-1.1-4-36 that is a prerequisite to an appeal under IC 6-1.1-4-34 or IC 6-1.1-4-37; or**

**(3) initiate an appeal under IC 6-1.1-4-34 or IC 6-1.1-4-37 after initiating a timely informal hearing process;**

**has elapsed before the effective date of this SECTION, for an assessment date after February 28, 2002, and before March 1, 2004, and no review or appeal is pending on the effective date of this SECTION. The taxpayer may request a review or initiate an appeal under the appropriate provision of law before July 1, 2004, even if the taxpayer has previously initiated a review or an appeal for the same assessment date. The review or appeal is limited to consideration of competent evidence necessary to establish the fair market value of the property.**

**(d) If a timely initiated review or appeal is pending on the effective date of this SECTION, a taxpayer may raise the issue of the fair market value of the property in the review or an appeal after the effective date of this SECTION without initiating a new review or appeal.**

**(e) An assessment change that results from a review or an appeal subject to this SECTION applies to:**

**(1) the assessment date for which the review or an appeal is initiated; and**

**(2) each subsequent assessment date for which:**

**(A) a new assessment is not determined under IC 6-1.1; and**

**(B) there is not a review or an appeal of the assessment under:**

**(i) IC 6-1.1-15, as amended by this act; or**

**(ii) this SECTION.**

**(f) This SECTION expires January 1, 2008.**

SECTION 66. [EFFECTIVE JULY 1, 2004] **IC 6-1.1-19-1.5 and IC 21-3-1.7-7, both as amended by this act, apply only to property taxes first due and payable after December 31, 2004.**

SECTION 67. [EFFECTIVE UPON PASSAGE] **The department of local government finance may adopt temporary rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to implement IC 6-1.1-12.1-15, as added by this act. A temporary rule adopted under this SECTION expires on the earliest of the following:**

**(1) The date of adoption under this SECTION of another temporary rule that supersedes the temporary rule previously adopted under this SECTION.**

**(2) The date of adoption under IC 4-22-2 of a permanent rule that supersedes the temporary rule adopted under this SECTION.**

**(3) January 1, 2006.**

SECTION 68. [EFFECTIVE UPON PASSAGE] **IC 6-1.1-18.5-21, as added by this act, applies to the calculation of the maximum permissible ad valorem property tax levies of municipalities for ensuing calendar year 2005.**".

Page 28, delete lines 40 through 42.

Page 29, delete lines 1 through 6, begin a new paragraph and insert:

"SECTION 73. [EFFECTIVE UPON PASSAGE] **(a) For purposes of this SECTION:**

**(1) "department" refers to the department of local government finance;**

**(2) "levy" refers to the general fund ad valorem property tax levy;**

**(3) "municipality" has the meaning set forth in IC 36-1-2-11; and**

**(4) "rate" refers to the general fund ad valorem property tax rate.**

**(b) This SECTION applies to a municipality that:**

**(1) in 2002 received:**

**(A) a certified distribution of county option income tax revenue that exceeded the estimated collection of revenue determined under IC 6-3.5-6-17(c), as in effect on January 1, 2002; or**

**(B) a supplemental county option income tax revenue distribution under IC 6-3.5-6-17.3; and**

**(2) imposed a levy for taxes first due and payable in 2002 greater than the levy of the municipality for taxes first due and payable in 2003.**

**(c) A municipality may petition the department before May 1, 2004, to increase the levy of the municipality for taxes first due and payable in 2004.**

**(d) If at the time the department receives a petition under subsection (c) the department has certified the levy and the rate of the municipality under IC 6-1.1-17-16 for taxes first due and payable in 2004, the department shall recertify for taxes first due and payable in 2004:**

**(1) the levy of the municipality in an amount equal to the sum of:**

**(A) the levy certified by the department for the municipality for taxes first due and payable in 2004; plus**

**(B) the lesser of:**

**(i) the amount of the excess or supplemental distribution referred to in subsection (b)(1); or**

**(ii) the remainder of the levy of the municipality for taxes first due and payable in 2002 minus the levy of the municipality for taxes first due and payable in 2003; and**

**(2) the rate for the municipality to reflect the increased levy under subdivision (1).**

**(e) If at the time the department receives a petition under subsection (c) the department has not certified the levy and the rate of the municipality under IC 6-1.1-17-16 for taxes first due and payable in 2004, the department shall certify for taxes first due and payable in 2004:**

**(1) the levy of the municipality in an amount equal to the sum of:**

**(A) the maximum permissible levy determined by the department for the municipality under IC 6-1.1-18.5 for taxes first due and payable in 2004; plus**

**(B) the lesser of:**

**(i) the amount of the excess or supplemental distribution referred to in subsection (b)(1); or**

**(ii) the remainder of the levy of the municipality for taxes first due and payable in 2002 minus the levy of the municipality for taxes first due and payable in 2003; and**

**(2) the rate for the municipality to reflect the levy under subdivision (1).**

**(f) This SECTION expires January 1, 2005.**

SECTION 74. [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: **IC 6-1.1-6.9, as added by this act, applies only to assessment dates after February 29, 2004, and property taxes first due and payable after December 31, 2004.**

SECTION 75. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding IC 6-3.5-1.1-2, as amended by this act, a county council may impose a county adjusted gross income tax rate under IC 6-3.5-1.1-3.8, as added by this act, effective July 1, 2004, by the adoption of an ordinance before May 1, 2004.**

**(b) This SECTION expires January 1, 2005.**

SECTION 76. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding IC 6-3.5-6-2, as amended by this act, a county income tax council may impose a county option income tax rate under IC 6-3.5-6-9.7, as added by this act, effective July 1, 2004, by the adoption of an ordinance before May 1, 2004.**

**(b) Subject to the limitations of IC 6-3.5-6-6, as amended by this act, the county auditor shall deliver copies of a proposed ordinance the auditor receives to impose a county option income tax rate under IC 6-3.5-6-9.7, as added by this act, to all members of the county income tax council not later than five (5) days after receipt. Once a member of the county income tax council receives a proposed ordinance from the auditor of the county under this subsection, the member shall vote on it not later than fifteen (15) days after receipt.**

**(c) This SECTION expires January 1, 2005.**

SECTION 77. [EFFECTIVE UPON PASSAGE] **IC 6-1.1-21-5.7 and IC 6-1.1-21-5.8, both as added by this act, apply only to property taxes first due and payable after December 31, 2004.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 441 as printed January 21, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 18, nays 6.

CRAWFORD, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, Corporations and Small Business, to which was referred Engrossed Senate Bill 453, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-10-8-2.8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 2.8. (a) As used in this section, "pilot project" refers to the school corporation health benefit pilot project established by the state personnel department under subsection (d).**

**(b) As used in this section, "state employee health plan" means:**

**(1) the self-insurance program established by the state personnel department under section 7(b) of this chapter; or**

**(2) a contract with a prepaid health care delivery plan entered into by the state personnel department under section 7(c) of this chapter.**

**(c) Notwithstanding any other provision of this chapter to the contrary, and notwithstanding IC 20-5-2-2(14), a school corporation may:**

**(1) apply to participate in the pilot project; and**

**(2) if chosen by the department of insurance, participate in the pilot project.**

**(d) The state personnel department, in cooperation with the department of insurance, shall develop and implement a school corporation health benefit pilot project. The pilot project:**

**(1) must enable ten (10) school corporations that:**

**(A) apply for participation in the project; and**

**(B) are chosen by the department of insurance;**

**to provide coverage of health care services for active and retired employees of the school corporation under a state employee health plan that covers active state employees and is chosen by the school corporation; and**

**(2) must be established not later than January 1, 2005.**

**(e) The pilot project must do the following:**

**(1) Specify participation requirements, including minimum participation and contribution requirements, and an application process for school corporations that wish to apply.**

**(2) Provide for the department of insurance to choose ten (10) eligible school corporations for participation in the project.**

**(3) Provide for enrollment of the active and retired employees of the participating school corporations in a state employee health plan not later than June 30, 2005.**

**(4) Provide for coverage of the active and retired employees of the participating school corporations under the state employee health plan until a date not earlier than June 30, 2010, and not later than December 31, 2010.**

**(5) Require the state personnel department to provide to the legislative council in an electronic format under IC 5-14-6:**

**(A) an annual report not later than July 1 of each year; and**

**(B) a final report, including aggregate information, not later than July 1, 2011;**

**concerning the effect of the participation in the state employee health plan by the active and retired employees of the school corporation employees, including the effect on premium rates, costs to the state and to the school corporations, and any other information determined relevant by the legislative council.**

**(6) Conclude insurance coverage not later than December 31, 2010.**

**(f) A school corporation that participates in the pilot project under this section shall provide for payment of the premium for the coverage as provided in section 2.6 of this chapter. The state shall not pay any part of the premium for the coverage. The administrator of the state employee health plan described in subsection (b)(1) shall not pay any part of the administrative cost or other costs of the coverage.**

**(g) The state personnel department may adopt rules under IC 4-22-2 to implement this section.**

**(h) This section expires December 31, 2011.**

SECTION 2. IC 20-5-2-2, AS AMENDED BY P.L.286-2001, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. In carrying out the school purposes of each school corporation, its governing body acting on its behalf shall have the following specific powers:

(1) In the name of the school corporation, to sue and be sued and to enter into contracts in matters permitted by applicable law.

(2) To take charge of, manage, and conduct the educational affairs of the school corporation and to establish, locate, and provide the necessary schools, school libraries, other libraries where permitted by law, other buildings, facilities, property, and equipment therefor.

(2.5) To appropriate from the general fund an amount, not to exceed the greater of three thousand dollars ($3,000) per budget year or one dollar ($1) per pupil, not to exceed twelve thousand five hundred dollars ($12,500), based upon the school corporation's previous year's average daily membership (as defined in IC 21-3-1.6-1.1) for the purpose of promoting the best interests of the school corporation by:

(A) the purchase of meals, decorations, memorabilia, or awards;

(B) provision for expenses incurred in interviewing job applicants; or

(C) developing relations with other governmental units.

(3) To acquire, construct, erect, maintain, hold, and to contract for such construction, erection, or maintenance of such real estate, real estate improvements, or any interest in either, as the governing body deems necessary for school purposes, including but not limited to buildings, parts of buildings, additions to buildings, rooms, gymnasiums, auditoriums, playgrounds, playing and athletic fields, facilities for physical training, buildings for administrative, office, warehouse, repair activities, or housing of school owned buses, landscaping, walks, drives, parking areas, roadways, easements and facilities for power, sewer, water, roadway, access, storm and surface water, drinking water, gas, electricity, other utilities and similar

purposes, by purchase, either outright for cash (or under conditional sales or purchases money contracts providing for a retention of a security interest by seller until payment is made or by notes where such contract, security retention, or note is permitted by applicable law), by exchange, by gift, by devise, by eminent domain, by lease with or without option to purchase, or by lease under IC 21-5-10, IC 21-5-11, or IC 21-5-12. To repair, remodel, remove, or demolish any such real estate, real estate improvements, or interest in either, as the governing body deems necessary for school purposes, and to contract therefor. To provide for energy conservation measures through utility energy efficiency programs or under a guaranteed energy savings contract as described in IC 36-1-12.5.

(4) To acquire such personal property or any interest therein as the governing body deems necessary for school purposes, including but not limited to buses, motor vehicles, equipment, apparatus, appliances, books, furniture, and supplies, either by outright purchase for cash, or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where such contract, security, retention, or note is permitted by applicable law, by gift, by devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove, relocate, and demolish such personal property. All purchases and contracts delineated under the powers given under subdivision (3) and this subdivision shall be subject solely to applicable law relating to purchases and contracting by municipal corporations in general and to the supervisory control of agencies of the state as provided in section 3 of this chapter.

(5) To sell or exchange any of such real or personal property or interest therein, which in the opinion of the governing body is not necessary for school purposes, in accordance with IC 20-5-5, to demolish or otherwise dispose of such property if, in the opinion of the governing body, it is not necessary for school purposes and is worthless, and to pay the expenses for such demolition or disposition.

(6) To lease any school property for a rental which the governing body deems reasonable or to permit the free use of school property for:

(A) civic or public purposes; or

(B) the operation of a school age child care program for children aged five (5) through fourteen (14) years that operates before or after the school day, or both, and during periods when school is not in session;

if the property is not needed for school purposes. Under this subdivision, the governing body may enter into a long term lease with a nonprofit corporation, community service organization, or other governmental entity, if the corporation, organization, or other governmental entity will use the property to be leased for civic or public purposes or for a school age child care program. However, if the property subject to a long term lease is being paid for from money in the school corporation's debt service fund, then all proceeds from the long term lease shall be deposited in that school corporation's debt service fund so long as the property has not been paid for. The governing body may, at its option, use the procedure specified in IC 36-1-11-10 in leasing property under this subdivision.

(7) To employ, contract for, and discharge superintendents, supervisors, principals, teachers, librarians, athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-6.1-3), business managers, superintendents of buildings and grounds, janitors, engineers, architects, physicians, dentists, nurses, accountants, teacher aides performing noninstructional duties, educational and other professional consultants, data processing and computer service for school purposes, including but not limited to the making of schedules, the keeping and analyzing of grades and other student data, the keeping and preparing of warrants, payroll, and similar data where approved by the state board of accounts as provided below, and such other personnel or services, all as the governing body considers necessary for school purposes. To fix and pay the salaries and compensation of such persons and such services. To classify such persons or services and to adopt schedules of salaries or compensation. To determine the number of such persons or the amount of services thus employed or contracted for. To determine the nature and extent of their duties. The compensation, terms of employment, and discharge of teachers shall, however, be subject to and governed by the laws relating to employment, contracting, compensation, and discharge of teachers. The compensation, terms of employment, and discharge of bus drivers shall be subject to and shall be governed by any laws relating to employment, contracting, compensation, and discharge of bus drivers. The forms and procedures relating to the use of computer and data processing equipment in handling the financial affairs of such school corporation shall be submitted to the state board of accounts for approval to the end that such services shall be used by the school corporation when the governing body determines that it is in the best interests of the school corporation while at the same time providing reasonable accountability for the funds expended.

(8) Notwithstanding the appropriation limitation in subdivision (2.5), when the governing body by resolution deems a trip by an employee of the school corporation or by a member of the governing body to be in the interest of the school corporation, including but not limited to attending meetings, conferences, or examining equipment, buildings, and installation in other areas, to permit such employee to be absent in connection with such trip without any loss in pay and to refund to such employee or to such member ~~his~~ reasonable hotel and board bills and necessary transportation expenses. To pay teaching personnel for time spent in sponsoring and working with school related trips or activities.

(9) To transport children to and from school, when in the opinion of the governing body such transportation is necessary, including but not limited to considerations for the safety of such children and without regard to the distance they live from the school, such transportation to be otherwise in accordance with the laws applicable thereto.

(10) To provide a lunch program for a part or all of the students attending the schools of the school corporation, including but not limited to the establishment of kitchens, kitchen facilities, kitchen equipment, lunch rooms, the hiring of the necessary personnel to operate such program, and the purchase of any material and supplies therefor, charging students for the operational costs of such lunch program, fixing the price per meal or per food item. To operate such lunch program as an extracurricular activity, subject to the supervision of the governing body. To participate in any surplus commodity or lunch aid program.

(11) To purchase textbooks, to furnish them without cost or to rent them to students, to participate in any textbook aid program, all in accordance with applicable law.

(12) To accept students transferred from other school corporations and to transfer students to other school corporations in accordance with applicable law.

(13) To levy taxes, to make budgets, to appropriate funds, and to disburse the money of the school corporation in accordance with the laws applicable thereto. To borrow money against current tax collections and otherwise to borrow money, in accordance with IC 20-5-4.

(14) To purchase insurance, ~~or to~~ establish and maintain a program of self-insurance, **or enter into an interlocal agreement with one (1) or more school corporations to establish and maintain a cooperative risk management program under IC 20-5-2.7,** relating to the liability of the school corporation or its employees in connection with motor vehicles or property and for any additional coverage to the extent permitted and in accordance with IC 34-13-3-20. To purchase additional insurance, ~~or to~~ establish and maintain a program of self-insurance, **or enter into an interlocal agreement with one (1) or more school corporations to establish and maintain a cooperative risk management program under IC 20-5-2.7,** protecting the school corporation and members of the governing body, employees, contractors, or

agents of the school corporation from any liability, risk, accident, or loss related to any school property, school contract, school or school related activity, including but not limited to the purchase of insurance or the establishment and maintenance of a self-insurance program protecting such persons against false imprisonment, false arrest, libel, or slander for acts committed in the course of their employment, protecting the school corporation for fire and extended coverage and other casualty risks to the extent of replacement cost, loss of use, and other insurable risks relating to any property owned, leased, or held by the school corporation. To:

(A) participate in a state employee health plan under IC 5-10-8-6.6;

(B) purchase insurance; or

(C) establish and maintain a program of self-insurance;

to benefit school corporation employees, which may include accident, sickness, health, or dental coverage, provided that any plan of self-insurance shall include an aggregate stop-loss provision.

(15) To make all applications, to enter into all contracts, and to sign all documents necessary for the receipt of aid, money, or property from the state government, the federal government, or from any other source.

(16) To defend any member of the governing body or any employee of the school corporation in any suit arising out of the performance of ~~his~~ **the member's or employee's** duties for or employment with, the school corporation, provided the governing body by resolution determined that such action was taken in good faith. To save any such member or employee harmless from any liability, cost, or damage in connection therewith, including but not limited to the payment of any legal fees, except where such liability, cost, or damage is predicated on or arises out of the bad faith of such member or employee, or is a claim or judgment based on ~~his~~ **the member's or employee's** malfeasance in office or employment.

(17) To prepare, make, enforce, amend, or repeal rules, regulations, and procedures for the government and management of the schools, property, facilities, and activities of the school corporation, its agents, employees, and pupils and for the operation of its governing body, which rules, regulations, and procedures may be designated by any appropriate title such as "policy handbook", "bylaws", or "rules and regulations".

(18) To ratify and approve any action taken by any member of the governing body, any officer of the governing body, or by any employee of the school corporation after such action is taken, if such action could have been approved in advance, and in connection therewith to pay any expense or compensation permitted under IC 20-5-1 through IC 20-5-6 or any other law.

(19) To exercise any other power and make any expenditure in carrying out its general powers and purposes provided in this chapter or in carrying out the powers delineated in this section which is reasonable from a business or educational standpoint in carrying out school purposes of the school corporation, including but not limited to the acquisition of property or the employment or contracting for services, even though such power or expenditure shall not be specifically set out herein. The specific powers set out in this section shall not be construed to limit the general grant of powers provided in this chapter except where a limitation is set out in IC 20-5-1 through IC 20-5-6 by specific language or by reference to other law.

SECTION 3. IC 20-5-2.7 IS ADDED TO THE INDIANA CODE AS **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 2.7. Cooperative Risk Management Programs**

**Sec. 1. As used in this chapter, "aggregate insurance coverage" means the coverage provided by an insurance contract that:**

**(1) is purchased by a cooperative program; and**

**(2) provides excess coverage if the aggregate amount of claims submitted by member school corporations and payable by the self-insurance fund exceeds the total amount of self-insured risk retained by the members in a fiscal year.**

**Sec. 2. As used in this chapter, "commissioner" means the insurance commissioner appointed under IC 27-1-1-2.**

**Sec. 3. As used in this chapter, "cooperative program" means a cooperative risk management program established under this chapter.**

**Sec. 4. As used in this chapter, "member" refers to a school corporation that enters into an interlocal agreement with another school corporation to establish a cooperative program.**

**Sec. 5. As used in this chapter, "self-insurance fund" means an actuarially sound fund established by a cooperative program as a reserve to cover self-insured risk retained by the members for losses covered under this chapter and to pay premiums for aggregate insurance coverage and specific insurance coverage required under this chapter.**

**Sec. 6. As used in this chapter, "specific insurance coverage" means the coverage provided by one (1) or more insurance contracts that:**

**(1) are purchased by a cooperative program; and**

**(2) provide excess coverage for a part of a specific claim that exceeds the amount covered by the self-insurance fund.**

**Sec. 7. (a) Two (2) or more school corporations may enter into an interlocal agreement under IC 36-1-7 to establish a cooperative risk management program through which the school corporations agree to maintain a program of joint self-insurance to cover certain retained risks and to jointly purchase aggregate insurance coverage and specific insurance coverage, including the following:**

**(1) Casualty insurance, including general and professional liability coverage and student accident insurance.**

**(2) Property insurance.**

**(3) Automobile insurance, including motor vehicle liability insurance coverage and security for motor vehicles owned or operated, and protection against other liability and loss associated with the ownership of motor vehicles.**

**(4) Surety and fidelity insurance coverage.**

**(5) Umbrella and excess insurance coverage.**

**(6) Worker's compensation coverage.**

**(b) A cooperative program established under this chapter is a separate legal entity with the power to:**

**(1) sue and be sued;**

**(2) make contracts; and**

**(3) hold and dispose of real and personal property.**

**Sec. 8. A cooperative program established under this chapter is subject to regulation by the department of insurance created by IC 27-1-1-1.**

**Sec. 9. (a) A cooperative program shall:**

**(1) establish a self-insurance fund with an aggregate limit on the total amount of self-insured risk retained by the members in a fiscal year; and**

**(2) maintain aggregate insurance coverage and specific insurance coverage.**

**(b) A self-insurance fund established under subsection (a) must be funded at the beginning of each fiscal year by a contribution from each member in an amount that reflects the member's share of self-insured risk and other costs of the cooperative program.**

**(c) Annual contributions to the self-insurance fund under subsection (b) must be:**

**(1) determined using generally accepted actuarial standards;**

**(2) set to fund at least one hundred percent (100%) of the self-insured risk retained by the members in a fiscal year plus the other costs of the cooperative program, including premiums for aggregate insurance coverage and specific insurance coverage; and**

**(3) approved by the commissioner.**

**Sec. 10. (a) An interlocal agreement entered into under section 7 of this chapter must:**

**(1) establish the cooperative program as a separate legal entity; and**

**(2) specify the organization, composition, and powers of the governing authority of the cooperative program as required by IC 36-1-7-3.**

**(b) The governing authority of the cooperative program shall adopt bylaws concerning the following:**

**(1) A financial plan setting forth in general terms:**

**(A) the types of risks covered under the cooperative**

**program;**

**(B) the aggregate limit on the total amount of self-insured risk retained by the cooperative program in a fiscal year;**

**(C) the minimum amount of specific insurance coverage and aggregate insurance coverage that must be maintained by the cooperative program; and**

**(D) the procedure for determining each member's annual contribution to the self-insurance fund.**

**(2) A plan of management that provides for:**

**(A) the responsibility of the governing authority with regard to:**

**(i) maintaining the amount of reserves in the self-insurance fund;**

**(ii) disposing of surpluses; and**

**(iii) administering the cooperative program in the event of termination;**

**(B) the basis on which new members may be admitted to, and existing members may leave, the cooperative program, including a provision specifying that an existing member may not leave the cooperative program unless the member's departure is specifically approved by the commissioner; and**

**(C) other provisions necessary or desirable for the operation of the cooperative program.**

**(c) The following must be submitted to and approved by the commissioner before a cooperative program may commence operations:**

**(1) The interlocal agreement described in subsection (a).**

**(2) The bylaws described in subsection (b).**

**(3) The form and purchase by the cooperative program of any insurance contracts, including contracts for aggregate insurance coverage and specific insurance coverage.**

**(4) An accounting, based on generally accepted actuarial standards, of sufficient reserves committed before commencement of operations to pay obligations of the cooperative program.**

**(5) Each coverage document form to be issued by the cooperative program.**

**(6) Any other information determined necessary by the commissioner.**

**(d) If the commissioner does not disapprove the information submitted under subsection (c) earlier than thirty (30) days after the information is submitted, the information is considered approved.**

**Sec. 11. (a) A cooperative program shall have an annual audit performed by an independent certified public accounting firm according to guidelines established by the state board of accounts.**

**(b) Not later than one hundred eighty (180) calendar days after the close of a cooperative program's fiscal year, the cooperative program must furnish the cooperative program's members with audited financial statements certified by an independent certified public accounting firm.**

**(c) Copies of the audit report and certified financial statements required under this section must be provided to the commissioner and the state board of accounts not later than one hundred eighty (180) calendar days after the close of the cooperative program's fiscal year.**

**(d) If a cooperative program fails to have the annual audit performed as required by subsection (a), the commissioner shall cause the audit to be performed at the expense of the cooperative program.**

**(e) The working papers of the certified public accountant and other records pertaining to the preparation of the audited financial statements required under this section may be reviewed by the commissioner.**

**Sec. 12. The assets of a cooperative program must be:**

**(1) treated as a joint investment fund under IC 20-5-11-5; and**

**(2) invested under IC 5-13-9 in the same manner as other public funds.**

**Sec. 13. Not later than sixty (60) calendar days after the beginning of a cooperative program's fiscal year, the governing authority shall submit the following to the commissioner:**

**(1) A copy of the bylaws adopted by the cooperative program.**

**(2) A copy of each coverage document form issued by the cooperative program.**

**(3) A copy of the insurance contracts purchased by the cooperative program, including contracts for aggregate insurance coverage and specific insurance coverage.**

**(4) A copy of the interlocal agreement.**

**Sec. 14. (a) If a cooperative program fails to comply with the requirements of this chapter, the commissioner shall issue a notice of noncompliance to the cooperative program.**

**(b) Not later than thirty (30) calendar days after a cooperative program receives a notice of noncompliance under subsection (a), the cooperative program shall file with the commissioner a written request for time to restore compliance and a plan to restore compliance.**

**(c) The commissioner, on receiving the written request and plan to restore compliance filed under subsection (b), may allow a period of one (1) year or less, as determined by the commissioner, during which the cooperative program may restore compliance.**

**(d) If a plan to restore compliance is:**

**(1) not filed under subsection (b);**

**(2) filed under subsection (b) and not approved by the commissioner; or**

**(3) filed under subsection (b), approved by the commissioner, and at the end of the period determined by the commissioner under subsection (c) the cooperative program is not in compliance with this chapter;**

**the commissioner may grant additional time to comply, or the commissioner may suspend, limit, or terminate the authority of the cooperative program to do business in this state.**

**(e) A cooperative program is subject to IC 27-9.**

**(f) A cooperative program shall be considered a member insurer for purposes of IC 27-6-8.**

**Sec. 15. (a) Motor vehicle coverage provided by a cooperative program must provide the ability for a member to respond in damages for liability arising out of the ownership, maintenance, or use of a motor vehicle in amounts at least equal to the amounts required under IC 9-25-4.**

**(b) A member that participates in the motor vehicle coverage provided by a cooperative program is considered to meet the financial responsibility requirements set forth in IC 9-25-4, and an application for a certificate of self-insurance under IC 9-25-4-11 is not required.**

**Sec. 16. Information regarding the:**

**(1) portion of funds; or**

**(2) liability reserve;**

**established by a cooperative program to satisfy a specific claim or cause of action is confidential and is not subject to subpoena or order to produce, except in a supplementary or an ancillary proceeding to enforce a judgment. This section does not prohibit the commissioner from obtaining the information described in this section.**

**Sec. 17. The department of insurance may adopt rules under IC 4-22-2 to implement this chapter.**

SECTION 4. IC 21-2-5.6-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. The self-insurance fund may be used to provide monies for the following purposes:

(1) the payment of any judgment rendered against the school corporation, or rendered against any officer or employee of the school corporation for which the school corporation is liable under IC 34-13-2, IC 34-13-3, or IC 34-13-4 (or IC 34-4-16.5, IC 34-4-16.6, or IC 34-4-16.7 before their repeal);

(2) the payment of any claim or settlement for which the school corporation is liable pursuant to IC 34-13-2, IC 34-13-3, or IC 34-13-4 (or IC 34-4-16.5, IC 34-4-16.6, or IC 34-4-16.7 before their repeal);

(3) the payment of any premium, management fee, claim, or settlement for which the school corporation is liable pursuant to any federal or state statute including but not limited to payments pursuant to IC 22-3 and IC 22-4; ~~or~~

(4) the payment of any settlement or claim for which insurance coverage is permitted under IC 20-5-2-2(14); **or**

**(5) the payment of a contribution to the self-insurance fund of a cooperative risk management program under IC 20-5-2.7-9.**

SECTION 5. IC 27-6-8-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. **(a)** This chapter applies to all kinds of direct insurance except:

(1) life, annuity, health, or disability insurance;

(2) mortgage guaranty, financial guaranty, or other forms of insurance offering protection against investment risks;

(3) fidelity or surety bonds, or any other bonding obligations;

(4) credit insurance, vendors' single interest insurance, or collateral protection insurance or similar insurance with the primary purpose of protecting the interests of a creditor arising out of a creditor-debtor transaction;

(5) warranty or service contract insurance;

(6) title insurance;

(7) ocean marine insurance;

(8) a transaction between a person or an affiliate of a person and an insurer or an affiliate of an insurer that involves the transfer of investment or credit risk without a transfer of insurance risk;

(9) insurance provided by or guaranteed by a government entity; and

(10) insurance written on a retroactive basis to cover known losses for which a claim has already been made and the claim is known to the insurer at the time the insurance is bound.

**(b) This chapter applies to coverage provided under a cooperative program established under IC 20-5-2.7. For purposes of this chapter, a cooperative program is considered to be a member insurer.**".

Page 10, after line 25, begin a new paragraph and insert:

"SECTION 10. IC 27-9-1-1, AS AMENDED BY P.L.5-2000, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. Proceedings under this article apply to the following:

(1) All insurers who are doing, or who have done, insurance business in Indiana, and against whom claims arising from that business may exist.

(2) All insurers who purport to do insurance business in Indiana.

(3) All insurers who have insureds resident in Indiana.

(4) All other persons organized or in the process of organizing with the intent to do an insurance business in Indiana.

(5) All nonprofit service plans, fraternal benefit societies, and beneficial societies.

(6) All title insurance companies.

(7) All health maintenance organizations under IC 27-13.

(8) All multiple employer welfare arrangements under IC 27-1-34.

(9) All limited service health maintenance organizations under IC 27-13-34.

(10) All mutual insurance holding companies under IC 27-14.

**(11) All cooperative programs established under IC 20-5-2.7.**

SECTION 11. **An emergency is declared for this act.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 453 as reprinted February 4, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 14, nays 0.

FRY, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Technology, Research and Development, to which was referred Engrossed Senate Bill 467, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 5-22-2-13.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 13.5. "Internet" means the international computer network of both federal and nonfederal interoperable packet switched data networks, including the graphical subnetwork called the world wide web.**

SECTION 2. IC 5-22-2-13.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 13.7. "Internet purchasing site" means an open and interactive electronic environment that is designed to facilitate the purchase of supplies by means of the Internet.**

SECTION 3. IC 5-22-2-28.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 28.5. "Reverse auction" means a method of purchasing in which offerors submit offers in an open and interactive environment through the Internet.**

SECTION 4. IC 5-22-7-5, AS AMENDED BY P.L.31-2002, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) The purchasing agency shall give notice of the invitation for bids in the manner required by IC 5-3-1.

(b) The purchasing agency for a state agency shall also provide electronic access to the notice through the electronic gateway administered by the intelenet commission.

(c) The purchasing agency for a political subdivision may also provide electronic access to the notice through:

**(1)** the electronic gateway administered by the intelenet commission as determined by the commission; **or**

**(2) any other electronic means available to the political subdivision.**

SECTION 5. IC 5-22-10-21 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 21. (a) This section applies to:**

**(1) municipalities;**

**(2) counties; and**

**(3) school corporations**.

**(b) A purchasing agency may purchase supplies:**

**(1) through the Internet; or**

**(2) by means of a reverse auction;**

**in accordance with written policies for the operation of the purchasing agency's Internet purchasing site.**

**(c) The purchasing agency must adopt written policies for the operation of the purchasing agency's Internet purchasing site, including policies for:**

**(1) transmitting:**

**(A) notices;**

**(B) solicitations; and**

**(C) specifications;**

**(2) receiving offers;**

**(3) making payments;**

**(4) protecting:**

**(A) the identity of an offeror; and**

**(B) the amount of an offer until the time fixed for the opening of offers;**

**(5) for a reverse auction, providing for the display of the amount of each offer previously submitted for public viewing;**

**(6) establishing the deadline by which offers must be received and will be considered to be open and available for public inspection; and**

**(7) establishing the procedure for the opening of offers.**

**(d) IC 5-22-16-6(a)(2) does not apply to a reverse auction.**

SECTION 6. **An emergency is declared for this act.**

(Reference is to SB 467 as printed January 23, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 14, nays 0.

HASLER, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Financial Institutions, to which was referred Engrossed Senate Bill 469, has had the same under

consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 10, line 27, delete "binding" and insert "**requiring**".

Page 20, reset in roman lines 31 through 39.

Page 20, line 40, reset in roman "(3)".

Page 20, line 40, delete "(2)".

Page 20, line 41, reset in roman "(4)".

Page 20, line 41, delete "(3)".

Page 21, after line 22 begin a new paragraph and insert:

"SECTION 9. IC 23-2-5-19, AS AMENDED BY P.L.230-1999, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 19. (a) The following persons are exempt from the requirements of sections 4, 5, 6, 9, ~~10,~~ 17, ~~and~~ 18, **and 21** of this chapter:

(1) Any attorney while engaging in the practice of law.

(2) Any certified public accountant, public accountant, or accountant practitioner holding a certificate or registered under IC 25-2.1 while performing the practice of accountancy (as defined by IC 25-2.1-1-10).

(3) Any person licensed as a real estate broker or salesperson under IC 25-34.1 to the extent that the person is rendering loan related services in the ordinary course of a transaction in which a license as a real estate broker or salesperson is required.

(4) Any broker-dealer, agent, or investment advisor registered under IC 23-2-1.

(5) Any person that:

(A) procures;

(B) promises to procure; or

(C) assists in procuring;

a loan that is not subject to the Truth in Lending Act (15 U.S.C. 1601 through 1667e).

(6) Any person who is a creditor, or proposed to be a creditor, for any loan.

**(7) Any person authorized to:**

**(A) sell and service a loan for the Federal National Mortgage Association or the Federal Home Loan Mortgage Association;**

**(B) issue securities backed by the Government National Mortgage Association;**

**(C) make loans insured by the United States Department of Housing and Urban Development or the United States Department of Agriculture Rural Housing Service;**

**(D) act as a supervised lender or nonsupervised automatic lender of the United States Department of Veterans Affairs; or**

**(E) act as a correspondent of loans insured by the United States Department of Housing and Urban Development.**

(b) As used in this chapter, "bona fide third party fee" includes fees for the following:

(1) Credit reports, investigations, and appraisals performed by a person who holds a license or certificate as a real estate appraiser under IC 25-34.1-8.

(2) If the loan is to be secured by real property, title examinations, an abstract of title, title insurance, a property survey, and similar purposes.

(3) The services provided by a loan broker in procuring possible business for a lending institution if the fees are paid by the lending institution.

(c) As used in this section, "successful procurement of a loan" means that a binding commitment from a creditor to advance money has been received and accepted by the borrower.

(d) The burden of proof of any exemption or classification provided in this chapter is on the party claiming the exemption or classification.".

Renumber all SECTIONS consecutively.

(Reference is to SB 469 as reprinted February 4, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 13, nays 0.

BARDON, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Courts and Criminal Code, to which was referred Engrossed Senate Bill 475, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 3, line 7, before "However," begin a new paragraph and insert "**(b)**".

Page 3, line 7, after "However," delete "(b)".

Page 3, line 10, after "program" insert ".".

Page 6, between lines 13 and 14, begin a new paragraph and insert:

"SECTION 9. IC 11-11-3-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. **(a)** A person may be prohibited from visiting a confined person, or the visit may be restricted to an extent greater than allowed under section 8 of this chapter, if the department has reasonable grounds to believe that the visit would threaten the security of the facility or program or the safety of individuals.

**(b) The department may restrict any person less than eighteen (18) years of age from visiting an offender, if:**

**(1) the offender has been:**

**(A) convicted of a sex offense under IC 35-42-4; or**

**(B) adjudicated delinquent as a result of an act that would be considered a sex offense under IC 35-42-4 if committed by an adult; and**

**(2) the victim of the sex offense was less than eighteen (18) years of age at the time of the offense.**

**(c)** If the department prohibits or restricts visitation between a confined person and another person under this section, it shall notify the confined person of that prohibition or restriction. The notice must be in writing and include the reason for the action, the name of the person who made the decision, and the fact that the action may be challenged through the grievance procedure.

**(d) The department shall establish written guidelines for implementing this section.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 475 as printed January 30, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 13, nays 0.

DVORAK, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, Corporations and Small Business, to which was referred Engrossed Senate Bill 481, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 3, line 21, delete ":" and insert "**who:**

**(A) furnishes only title insurance rate information at the request of a consumer; and**

**(B) does not discuss the terms or conditions of a title insurance policy.**".

Page 3, delete lines 22 through 36.

Page 5, line 27, delete "and against loss by reason of nonpayment of the" and insert "**.**".

Page 5, delete lines 28 through 29.

Page 12, line 14, after "applies" insert "**only**".

Page 12, line 16, delete "2004." and insert "**2005.**".

Page 12, line 17, after "(b)" insert "**IC 27-1-15.7-5, as amended by this act, does not apply to an insurance producer program of study until January 1, 2005.**

**(c)**".

Renumber all SECTIONS consecutively.

(Reference is to SB 481 as printed January 30, 2004.)

and when so amended that said bill do pass.

Committee Vote: yeas 14, nays 0.

FRY, Chair

Report adopted.

## ENGROSSED SENATE BILLS ON SECOND READING

The following bills were called down by their respective sponsors, were read a second time by title, and, there being no amendments, were ordered engrossed: Engrossed Senate Bills 315 and 409.

## ENGROSSED SENATE BILLS ON THIRD READING

**Engrossed Senate Bill 41**

Representative C. Brown called down Engrossed Senate Bill 41 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning health.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 207: yeas 90, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.

**Engrossed Senate Bill 42**

Representative C. Brown called down Engrossed Senate Bill 42 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning health.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 208: yeas 92, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.

**Engrossed Senate Bill 83**

Representative Foley called down Engrossed Senate Bill 83 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning family law and juvenile law.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 209: yeas 93, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.

**Engrossed Senate Bill 86**

Representative Fry called down Engrossed Senate Bill 86 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning elections.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 210: yeas 96, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.

**Engrossed Senate Bill 106**

Representative Kuzman called down Engrossed Senate Bill 106 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning technical corrections.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 211: yeas 90, nays 2. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.

**Engrossed Senate Bill 133**

Representative C. Brown called down Engrossed Senate Bill 133 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning human services.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 212: yeas 95, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.

**Engrossed Senate Bill 188**

Representative Crawford called down Engrossed Senate Bill 188 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning health.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 213: yeas 93, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.

**Engrossed Senate Bill 263**

Representative Kuzman called down Engrossed Senate Bill 263 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning courts and court officers.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 214: yeas 91, nays 1. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.

**Engrossed Senate Bill 278**

Representative Klinker called down Engrossed Senate Bill 278 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

The bill was read a third time by sections and placed upon its passage.

HOUSE MOTION
(Amendment 278–4)

Mr. Speaker: I move that Engrossed Senate Bill 278 be recommitted to a Committee of One, its sponsor, with specific instructions to amend as follows:

Page 1, line 7, after "prescribed" insert "**and provided annually**".

(Reference is to ESB 278 as reprinted February 17, 2004.)

KLINKER

There being a two-thirds vote in favor of the motion, the motion prevailed.

COMMITTEE REPORT

Mr. Speaker: Your Committee of One, to which was referred Engrossed Senate Bill 278, begs leave to report that said bill has been amended as directed.

KLINKER

Report adopted.

The question then was, Shall the bill pass?

Roll Call 215: yeas 51, nays 43. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.

**Engrossed Senate Bill 363**

Representative Bardon called down Engrossed Senate Bill 363 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning human services.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 216: yeas 94, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.

**Engrossed Senate Bill 449**

Representative C. Brown called down Engrossed Senate Bill 449 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning human services.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 217: yeas 94, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.

**Engrossed Senate Bill 493**

Representative Grubb called down Engrossed Senate Bill 493 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning professions and occupations.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass? Representative Reske was excused from voting.

Roll Call 218: yeas 90, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.

## OTHER BUSINESS ON THE SPEAKER'S TABLE

**Referrals to Ways and Means**

The Speaker announced, pursuant to House Rule 127, that Engrossed Senate Bills 17, 23, 100, 132, 161, 231, 268, 295, 379, 484, and 490 had been referred to the Committee on Ways and Means.

HOUSE MOTION

Mr. Speaker: I move that Representative Saunders be removed as sponsor of Engrossed Senate Bill 60, Representative Liggett be substituted as sponsor, and Representative Saunders be added as cosponsor.

SAUNDERS

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative Welch be added as cosponsor of Engrossed Senate Bill 113.

HASLER

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative Ruppel be added as cosponsor of Engrossed Senate Bill 149.

MOSES

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative Goodin be added as cosponsor of Engrossed Senate Bill 257.

CRAWFORD

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative Welch be added as cosponsor of Engrossed Senate Bill 285.

C. BROWN

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative Duncan be added as cosponsor of Engrossed Senate Bill 425.

LYTLE

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative Welch be added as cosponsor of Engrossed Senate Bill 467.

AYRES

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representative Ripley be added as cosponsor of Engrossed Senate Bill 484.

AUSTIN

Motion prevailed.

Pursuant to House Rule 60, committee meetings were announced.

On the motion of Representative Kuzman, the House adjourned at 3:35 p.m., this nineteenth day of February, 2004, until Monday, February 23, 2004, at 1:30 p.m.

B. PATRICK BAUER
Speaker of the House of Representatives

DIANE MASARIU CARTER
Principal Clerk of the House of Representatives